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Lukanov-Led Bulgarian Trade Delegation Visits

Arrives 21 Dec

AU2112194088 Tirana Domestic Service in Albanian 1900 GMT 21 Dec 88

[Text] A government delegation of the People's Republic of Bulgaria headed by Andrey Lukanov, minister for foreign economic relations, arrived in Tirana today. The delegation will conduct talks in connection with trade for 1989 and economic, industrial, and technical cooperation between our two countries.

The delegation was met at Rinas Airport by Niko Gjyzari, chairman of the State Planning Commission; Gudar Toto, director of a directorate at the Ministry of Foreign Affairs; and other comrades.

Khristaki Kunev, ambassador extraordinary and plenipotentiary of the People's Republic of Bulgaria to the People's Socialist Republic of Albania, was also present.

Talks also began in Tirana today between the government delegation of the People's Socialist Republic of Albania headed by Niko Gjyzari, chairman of the State Planning Commission, and the government delegation of the People's Republic of Bulgaria, headed by Andrey Lukanov, minister for foreign economic relations. The two delegations discussed the establishment of a protocol for the exchange of goods and payments for 1989, and an agreement between the Government of the People's Socialist Republic of Albania and the Government of the People's Republic of Bulgaria for economic, industrial, and technical cooperation.

Received by Alia

AU2212201388 Tirana Domestic Service in Albanian 1900 GMT 22 Dec 88

[Text] Today Comrade Ramiz Alia, chairman of the Presidium of the People's Assembly of the People's Socialist Republic of Albania received Andrey Lukanov, minister for foreign economic relations of the People's Republic of Bulgaria, at the seat of the Presidium of the People's Assembly. He has arrived in Albania to sign an agreement on economic, industrial, and technical cooperation between our two countries, and the trade protocol for 1989.

At the meeting the state and growth of trade and economic cooperation, which have grown considerably in recent years, were discussed. There were also discussions in connection with Balkan cooperation and the need for greater efforts to create an atmosphere of understanding and trust among the states of our peninsula, and to strengthen friendship among its peoples.

Niko Gjyzari, chairman of the State Planning Commission, and Sihat Tozaj, secretary to the Presidium of the People's Assembly, also took part in the reception. Khristaki Kunev, ambassador extraordinary and plenipotentiary of the People's Republic of Bulgaria to the People's Socialist Republic of Albania, was also present.

Meets With Carcani

AU2212201488 Tirana Domestic Service in Albanian 1900 GMT 22 Dec 88

[Text] This morning Comrade Adil Carcani, chairman of the Council of Ministers of the People's Socialist Republic of Albania, received Andrey Lukanov, minister for foreign economic relations of the People's Republic of Bulgaria, at the seat of the Council of Ministers

Niko Gjyzari, chairman of the State Planning Commission, and Sokrat Plaka, deputy minister for foreign affairs, took part in the reception. Khristaki Kunev, ambassador extraordinary and plenipotentiary of the People's Republic of Bulgaria to the People's Socialist Republic of Albania, was also present.

Comrade Adil Carcani held a friendly conversation with the Bulgarian minister for foreign economic relations. He pointed out the ancient, traditional friendship between the Albanian and Bulgarian peoples, and expressed satisfaction at the development of bilateral relations, especially in recent years, in the fields of trade and the economy. Comrade Adil Carcani praised the conclusion of an agreement between the Government of the People's Socialist Republic of Albania and the Government of the People's Republic of Bulgaria for economic, industrial, and technical cooperation, which opens new prospects in various fields of mutual interest.

The Bulgarian minister, Andrey Lukanov, after expressing thanks for the warm hospitality extended to the government delegation of the People's Republic of Bulgaria, pointed out our common traditions and the feelings of friendship and respect the Bulgarian people have for the Albanian people. He also conveyed to Comrade Adil Carcani the greetings of Prime Minister Georgi Atanasov to the Albanian Government and people, and his best wishes for the country's success.

The Bulgarian minister [words indistinct] the signing of the documents between the two delegations in the fields of trade and economic cooperation, and expressed his conviction that they would be fulfilled. Comrade Adil Carcani spoke about the greater opportunities that exist for extending and deepening economic, industrial, technical, and agricultural cooperation between our two countries. He stressed the need to bring these relations to fruition, which are not only to the benefit of our our two countries and peoples, but are also a contribution to developing understanding, trust, and cooperation in the Balkans, and help to maintain and strengthen peace in this region. He asked the Bulgarian minister for foreign economic relations to convey his greetings to Georgi Atanasov, chairman of the Council of Ministers of Bulgaria.

Trade Agreements Signed

AU2212201688 Tirana Domestic Service in Albanian 1900 GMT 22 Dec 88

[Text] The agreement and protocol on economic, industrial, and technical cooperation and the protocol on the exchange of goods and payments for 1989 between the Government of the People's Socialist Republic of Albania and the Government of the People's Republic of Bulgaria were signed in Tirana today.

For the Albanian side, the documents were signed by Niko Gjyzari, chairman of the State Planning Commission, and for the Bulgarian side by Andrey Lukanov, minister for foreign economic relations.

Farudin Hoxha, minister under the Presidency of the Council of Ministers; Shane Korbeci, minister for foreign trade; Sokrat Plaka, deputy minister for foreign affairs; and members of the two delegations took part in the signing ceremony. Khristaki Kunev, ambassador extraordinary and plenipotentiary of the People's Republic of Bulgaria to the People's Socialist Republic of Albania, was also present.

On the basis of the protocol for the exchange of goods and payments for 1989, the People's Socialist Republic of Albania will export minerals, ferronickel ore, chrome concentrate, bauxite, cement, electricity, tobacco, engineering and electrical products, and other items to the People's Republic of Bulgaria, and will import [word indistinct] steel and iron and steel products, nonferrous metals, cotton, food and industrial products, silicates, various forms of machinery and equipment, consumer goods, and other items.

The agreement and protocol for economic, industrial, and technical cooperation provides for cooperation between the two countries in the fields of mining and mineral-processing, the electrical and electronic industries, consumer goods production, agriculture, and other sectors.

Seen Off by Officials

AU2312171888 Tirana ATA in English 0930 GMT 23 Dec 88

[Text] Tirana, December 23 (ATA)—The government delegation of the PR of Bulgaria, headed by the minister of economic relations with foreign countries, Andrey Lukanov, left our country on December 22.

At the airport the delegation was seen off by the chairman of the State Planning Commission, Niko Gjyzari; director of department at the Ministry of Foreign Affairs, Gudar Toto, and other comrades.

Present was also the ambassador extraordinary and plenipotentiary of the PR of Bulgaria to the PSR of Albania, Khristaki Kunev.

Upon its stay in our country, the delegation was received by Minister of Foreign Trade, Shane Korbeci. Likewise, it visited work and production centres in the district of Tirana.

Malile Meets Counterparts in Geneva

AU1512131088 Tirana ATA in English 0745 GMT 15 Dec 88

[Text] Tirana, December 15 (ATA)—The minister of foreign affairs of the PSR of Albania, Reis Malile, and the minister of foreign affairs of the Greek Republic, Karolos Papoulias, who participate in the debate of the UN General Assembly on the Palestinian question, met in Geneva.

On this occasion, they talked on the further development of the friendly relations between Albania and Greece. Likewise, it was spoken on problems of the Balkans and the carrying forward of the fruitful process of the Balkan cooperation, as well as on other international questions.

Likewise, a meeting between the minister of foreign affairs of the PSR of Albania, Reis Malile, and the minister of foreign affairs of the Algerian Democratic and People's Republic, Boualem Bessaieh, who attend the debate of the UN General Assembly on the Palestinian question, was held in Geneva, too.

During the meeting, it was spoken of the close links and the friendly relations existing between the two peoples and countries, and of their further development, of the support the two countries give to the Palestinian people in their just struggle, as well as of some questions of the present international situation.

Ovcharov Presents 1989 Plan, Budget

AU2112180988 Sofia RABOTNICHESKO DELO in Bulgarian 16 Dec 88 pp 2-4

["Report by Stoyan Ovcharov, Minister of the Economy and Planning, on the Draft Laws on the 1989 State Plan for Bulgaria's Scientific, Technical, and Socioeconomic Development and the 1989 State Budget," made to the National Assembly session in Sofia on 15 December: "Accelerating the Processes of Restructuring, New Dynamics of the July Strategy"]

[Text] Comrade people's deputies, the attention of every one of us and of the whole of our public opinion is focused on the BCP Central Committee plenum that ended yesterday. The report by Comrade Todor Zhivkov represents a new contribution to the theory and practice of socialist construction in modern world conditions. The report presents the cardinal problems and approaches for our practical work in further implementing the July Concept for restructuring our society.

The plenum's resolutions reveal the way to accelerate the processes of restructuring in Bulgaria and to impart a new dynamic thrust to the July Concept.

We are nearing the end of a year of intense work in all spheres and activities relating to social life in Bulgaria.
—A year in which our people laid a firm foundation for the July Concept on socialism in the People's Republic of Bulgaria.
—A year in which new approaches in managing the economy were established.
—A year in which a start was made on in-depth restructuring of both the base and the superstructure of all spheres and activities in our country.

All this is being carried out in a situation of considerable changes in the world political climate. The peace initiatives of the CPSU and the Soviet state leadership, led by Mikhail Sergeyevich Gorbachev, and the businesslike Soviet-American dialogue created favorable conditions for activating East - West relations, for reducing regional conflicts, and for developing the world's economy.

The new political thinking is already a real fact that all states have to take into consideration.

In this situation, the People's Republic of Bulgaria is developing active foreign-policy and foreign-economic relations, and is making a broad advance in the international division of labor.

These political and economic realities determine our criteria for assessing both what has been achieved in the 3d year of the Ninth 5-Year-Plan and our approach in drafting the 1989 state plan and state budget for Bulgaria.

I. On the Main Results of the Development of the Economy in 1988

What is the main element in the economy's development this year?

The main determining element is that this year, in spite of the difficulties and the complexity of the problems, our economy took an important step forward on the road of the July model of socialism.
—Of course, this step could have been greater in scale and more significant if the difficulties outlined in the materials of the December plenum of the BCP Central Committee had been overcome.
—However, it is not the admitted weaknesses that determine the character of our development, but the important material expression of economic and structural advance that was achieved this year.

It is emerging that the main quantitative and qualitative indexes embodied in the plan will, with individual exceptions, be fulfilled and overfulfilled.

The national income produced will increase by 6.2 percent, reaching 32,200 million leva.
—An intensive type of development is being implemented, while the whole of the rise in national income this year is being attained through a rise in **social labor productivity,** which will increase by 6.6 percent.
—**Resource-saving growth** is being achieved, as a result of which material expenditures (not including depreciation) per 100 leva of output are expected to fall by about 1.7 percent.
—**The energy- and metal-content components** of the national income (per 100 leva of national income) will fall this year by 2.3 and 2.65 percent respectively.
—**The efficiency** of the national economy is rising, while profitability, measured in terms of profit per 100 leva of production funds, will rise by 10.5 percent, and aggregate profit, by about 12.8 percent.

The main natural indexes relating to the annual plan will be fulfilled, with the exception of agricultural crop production and certain industrial goods. The natural indexes are not being fulfilled in respect of about 0.8 percent of the total production in terms of value.

For the first time in a number of years, the changes in the rates and volume of production of **means of production and the production of consumer goods** are showing a positive tendency in 1988. The rate of increase in the production of means of production will be around 4.5 percent in 1988, while for the first time production of consumer goods will increase at a higher rate, namely 5.9 percent.

The progressive structural changes in the national economy resulting from the acceleration of scientific and technical progress increased in 1988.
—The greatest contribution to the qualitative transformations in production is being made by **the structure-determining branches**: For example, while the overall rise in output is 4.1 percent, the electronics branch is showing an increase of 17.0 percent.
—Considerable changes are beginning in the structure of **machine-building production.** The relative proportion of technological equipment reached 10.7 percent, and that of integrated equipment systems, 12.2 percent.
—There was a rapid rise in the relative proportion of **new and improved products**, from 9.3 percent in 1987 to about 12.2 percent in 1988.

The country's participation in the international division of labor is expanding, primarily within the socialist economic community.
—Foreign-trade goods turnover is showing a growth of 3.5 percent.
—The structure of our exports is improving, in that the proportion of machines and equipment will rise from 58.4 percent in 1985 to 65 percent in 1988, while that of fuel, raw materials, and other materials will fall from 15.4 percent to 10.3 percent respectively.

The rising economic potential and the changes in the structure of production created conditions for achieving a considerable growth in meeting the population's social demands.
—Per-capita real income is expected to rise by 4.0 percent.
—Average monthly **wages** will reach 244 leva, while social labor productivity is guaranteed to rise by 2.4 percent over and above the wages increase.
—**The social consumption funds** per capita will show a rise of about 4.2 percent.

The process of positive changes continued during the year, both **in the territorial structure** of social productivity and in the development of the territorial units, while the adopted regional programs are being successfully fulfilled.

Conditions are gradually being created for a real expansion of self-management in the enterprises, economic trusts, and territorial communities. There has been a marked improvement in the financial position of a number of enterprises that for many years have experienced chronic shortages of funds for development and modernization.

At the same time, it must be pointed out that, from the viewpoint of the high-level criteria for qualitatively new growth, a number of traditional weaknesses are not being solved this year either.
—The lagging in the production of certain basic raw and other materials, albeit minimal in volume terms, is hampering coordination of the material balances and causing difficulties in the activities of a number of enterprises.
—The unfavorable weather conditions that have continued for several years and the permitted organizational weaknesses have prevented us from reaching the planned goals in the field of agriculture. Production of grain, vegetables, sugar beets, grapes, and other crops is much lower than envisaged, while total losses in agriculture seem likely to reach about 900 million leva.
—The necessary radical change in the production of goods and services for the population is slow in being implemented. In spite of the fact that a growth of about 5.2 percent will be achieved during the year, the rate envisaged in the plan will not be achieved, mainly because of the difficulties in agriculture.
—The fulfillment of the investment program and the commissioning of basic funds are unsatisfactory.
—A number of enterprises failed to adopt the necessary measures to increase utilization of the available basic funds and to release superfluous manpower, which is causing their financial position to worsen.

Notwithstanding the weaknesses that have been permitted, the accelerated rate of development this year created conditions for fulfillment and overfulfillment of the main indexes for the first 3 years of the 5-year plan.
—The high growth in national income realized during the year ensures that the mean annual rise during the first 3 years of the 5-year plan will be about 5.6 percent, compared with the figure of 5.4 percent provided for in the law on the current 5-year plan. This increase is being attained entirely as a result of the rise in social labor productivity.
—A fall in material expenditures of 1.6 percent is emerging for the 3-year period (as compared with a figure of 1.1 percent provided for in the law on the 5-year plan), and an increase in profitability of 9.3 percent per 100 leva of production funds.
—The per capita real income is rising at an average annual rate of 3.6 percent, compared with the rate of 3.4 percent envisaged in the law on the 5-year plan.

The successful fulfillment of the plan's main indexes this year provides a good foundation for the further accelerated development of our economy in 1989.

II. On the Draft Law on the 1989 State Plan

Comrade people's deputies, the main aim in preparing the draft law on the state plan was to create conditions for the practical implementation of the postulates of the 13th BCP Congress, the July Concept for the Further Construction of Socialism in Bulgaria, and the 1988 National Party Conference.

In accordance with this, the draft laws embody a strategy for:
—The planned implementation of a transition to the development of production forces of the scientific and technical type and to a new technological method of production, and, on this basis, the achievement of qualitatively new economic growth;
—reorienting the development of the economy to an ever-increasing extent toward the requirements of the people and the aims of social policy;
—creating qualitatively new economic conditions and an environment for optimally combining the state's functions that relate to the strategic tasks of our development with the great rights and responsibilities of the self-managing communities and organizations.

The new approaches and criteria embodied in the basis of the state plan guarantee an acceleration of the positive trends in the economy that have emerged during the first 3 years of the 5-year plan.

At the same time, the draft plan creates a solid foundation for developing the Bulgarian economy in accordance with the new processes in the socialist countries and the world economy.

What gives us grounds for these conclusions?

The approach that was adopted in preparing the plan provides a guarantee for this.

The essence of this approach lies in giving priority to what is most important and crucial for implementing the policy of qualitative new growth and a planned transition toward a new technological method of production and a qualitatively new standard of production forces in Bulgaria.

In this context, the macrostrategy of the draft plan is based on the following fundamental postulates:

First, priority is given in all aspects to the decisive branches in the economy:
—These branches have a solid scientific, technical, and production potential already existing in Bulgaria.
—They have the necessary raw material and energy base at their disposal.
—The marketing of their products in international markets is assured.
—They determine the satisfaction of the population's requirements and the state of the domestic market to the greatest extent.

In this connection and from the strategic aspect, the stress is being placed on the accelerated development of the following branches: **electronics, the biotechnological and chemical industries, the most progressive subbranches of machine building, and the branches most crucial for the domestic market: the agroindustrial complex and industry for man.**

In every one of these sectors of the economy, we have looked for the most effective features, features that give the acceleration great dynamics and importance.

Second, a consistent policy is being conducted to limit and shut down inefficient, unprofitable, and technologically outdated types of production and activities, and the production of low-quality goods.

In this connection, there is provision for the following:
—**closing down and limiting** production facilities and activities that operate inefficiently because of low technological, production, or other standards, or that pollute the environment in excess of what is permissible;
—**reallocating** production capacities from traditional, low-efficiency types of manufacture to new, highly efficient, and promising sectors of the economy, as well as reorienting some of the capacities of the defense industry toward civilian production, first and foremost, of consumer goods; and
—**shutting down** the operations of certain inefficient mining capacities.

Third, priority is being given to implementing large-scale national programs and projects of a social, technological, or other nature in order to guarantee important economic breakthroughs and maneuvers.

The draft plan is aimed at providing the necessary resources for implementing major programs such as the following:
—accelerated development of the border regions;
—achieving important structural technological and market breakthroughs;
—participation in major international economic projects;
—fulfillment of programs for saving material, foreign-exchange, and other resources;
—goal-oriented implementation of ecological programs, and so on.

Four, a special feature of the approach adopted is the ensurance of a real coordination of balances in the draft plan and the creation of certain reserves to permit flexibility in maneuvering.

In this connection, the following should be pointed out:
—Within the framework of total output, a reserve of about 600 million leva of output has been provided to conduct barter and other exchange operations for the supply of raw and other materials and consumer goods by the state and economic organizations.
—The draft plan also sets aside an investment reserve of about 1,100 million leva, provided with the necessary financial and resource cover. This reserve is intended for building an additional number of dwellings in accordance with proposals from the municipal people's councils, for building projects with foreign participation under additionally concluded contracts and small, highly efficient enterprises, and for meeting newly arising needs in the social sphere.

On the Results of Preliminary Discussion of the Draft Plan by the National Assembly Commissions

Comrade people's deputies, the preliminary in-depth discussion of the draft plan and the draft budget in the National Assembly commissions, the debates held, the comments prepared, and the proposals of the people's deputies substantially assisted the work of finally preparing the draft laws.

The government organs completed an in-depth analysis of the proposals and addenda put forward by the people's deputies in the National Assembly commissions.

In the course of this analysis, additional dialogues took place with the goods producers in order to find solutions to the issues raised at the time when the plan indexes were being finally determined, instead of relying on finding additional possibilities during the year.

As a result of this, mutually acceptable solutions were found for practically all of the main issues that were raised, and these are incorporated in the indexes and measures provided in the plan.

A number of considerations raised by the National Assembly commissions concerned the need to plan additional measures to raise the effectiveness of structural and technological renewal and to guarantee some of the progress that we have made in electronics.

Following the dialogues that took place with the relevant goods producers, a number of scientific-research and production tasks were included in the plan, with the aim of improving the product structure, mastering new key technologies, and increasing profits from economic activities.

Possibilities were discovered for increasing the volume of new and improved products by an additional amount of about 300 million leva, and for increasing the relative proportion of such products by about three percentage points.

As well as this, possibilities were also created for substantially increasing the amount of additional profits from the introduction of scientific and technical achievements.

In accordance with proposals of the people's deputies, provision was made for a number of new scientific and production tasks in the field of electronics. The volume of the production of industrial electronics equipment was also considerably increased.

In addition, a reassessment was made of the original plans for limiting and shutting down production of inefficient products, which resulted in the introduction of appropriate amendments, in accordance with the need to guarantee certain current production requirements.

The proposals made in the fields of agriculture and the food and tobacco industries were taken into consideration in drawing up the final balances for raw and other materials and commodity supplies to the domestic market, as well as in specifying the installations earmarked for technological renewal.

Additional in-depth work was carried out regarding the recommendations connected with the measures planned in the ecological field. In accordance with a proposal of the people's deputies, the planned investments were additionally refined, and they were specifically directed toward solving the most acute ecological problems. However, in view of the technical and investment possibilities, at the present stage it is impossible to solve the problems relating to oxides of nitrogen and sulfur, but intensive work on this problem will be carried out during the year.

The questions posed and recommendations made by the people's deputies in connection with improving the state of the domestic market, the housing program, and health-care problems are reflected in the supplementary calculations in the plan and budget.

The creative character of the preliminary discussion of the draft plan in the commissions was of substantial assistance in improving the plan's economic, scientific, and technical indexes, and in extending the scope of the social measures envisaged.

Structural and Technological Renewal of the Economy—Chief Factor for Qualitatively New Growth

The draft plan creates conditions for imparting a new dynamic thrust to the processes of structural reorganization and technological renewal.

In essence, two tasks of cardinal importance have to be resolved simultaneously during the year:
—On the one hand, important economic results will be achieved even this year by means of structural and technological reorganization.
—On the other hand, a start will be made on broad-scale structural and technological changes during the next few years.

This approach is specifically followed in the entire strategy for renewal.
—In setting up a qualitatively new **technological base,** attention will chiefly be focused on utilizing the possibilities for **integrating science, information science, and computers.**
—The progressive changes in **product structure** are primarily directed toward radically increasing the scientific content and "intelligence" of manufactured products and systems. Particular attention is being devoted to rapidly increasing the proportion of systems of machines and complete installations produced, major engineering products, and so on.
—The structural and technological renewal is based on expanded **technological and investment cooperation** with leading companies and organizations from the developed socialist and capitalist countries.
—In mastering **the new products and technologies,** a new criterion for assessing their performance parameters has been introduced: They must be competitive in the markets of the world. This will be the only yardstick for assessing whether the scientific collectives and the goods producers have done their jobs well.

An important factor for speeding up the processes of structural and technological reorganization will be the expansion of competition and of all forms and manifestations of emulation in the effectiveness of scientific and technical developments, in the performance parameters of projects and the goods producers' products, in investment projects, and so on.

The draft plan devotes special attention to the accelerated development of **small companies and small enterprises** as a new element in the production structure. These will act as a permanent "indicator" of the level of competition in the national economy.

More than 110 new small enterprises will be set up during the year, bringing their total number to around 480. They will produce a goods output to the value of over 1.5 billion leva, which is about 40 percent more than in 1988.

Most of the enterprises will be formed to produce raw and other materials for the industry-for-man sector, high-technology products, and products to replace imported goods.

Notwithstanding the rapid increase in the number of small enterprises and the volume of their production output, their relative proportion in the economy remains modest. This requires that this process should continue to develop at rapid rates during the following years. There are plans to set up 280 small enterprises in 1990.

The structural and technological changes will encompass all branches and activities of the economy, but they will be most profound and substantial in the priority, structure-determining branches.

Electronics will continue to hold a leading place in structural and technological renewal next year.

—A start will be made on mastering a new generation of products in the microelectronics component base, and research will be intensified on the promising component base. Production of integrated microelectronic circuits will increase by a factor of 1.6, and by the end of 1900 will rise three-fold.
—Substantial structural renewal will be carried out in the range of peripheral memory devices, in which field our country is a specialized producer within the framework of CEMA. This will form an important contribution to the common efforts to speed the development of electronics and information sciences in the socialist countries.
—There will be a sharp rise in the production of electronic and data handling systems, and their relative proportion will reach 22 percent of the total volume of production. The greatest growth will be in microprocessor systems based on the personal and professional computers of the "Pravets" family.
—There will be a more than two-fold increase in the volume of industrial electronics products intended for the integration of electronics with the industrial technologies of machine building, the chemical industry, food and tobacco industry, transportation, construction, and other branches.
—Last, but not least, it should be stressed that our electronics industry is at last applying itself to meet the social needs of society; there will be a sharp rise in the production of electronics equipment for everyday use, and the range of products will expand greatly. Modern electronic audio and video equipment, manufactured through industrial and technological cooperation with leading world companies, will appear on the market.

All this will result in the updating of over 37 percent of the product range of electronics goods, with an increase of around 31 percent being achieved this year.

In **the biotechnological and chemical industries,** the new technological directions based on in-depth and integrated utilization of raw and other materials will undergo especially rapid development. There will be a marked improvement in the export and import structures of the complex.

Substantial progressive changes will begin in the structure of antibiotics production, while new basic semifinished products will create opportunities for synthesizing a broad range of new generations of cephalosporin and penicillin antibiotics.

By the year's end, the technology will be mastered for in-depth integrated processing of corn. There will be a substantial increase in the numbers of new products manufactured by the biotechnological and specialized food and tobacco industries.
— During the year production of a range of qualitatively new materials for branches of the economy will be mastered: ultrapure substances for microelectronics, polyurethane foams, polyether alcohols, suspended polymethyl acrylate, and so on.

—The chemical technologies for the integrated utilization of imported and locally produced raw materials will develop at an accelerated rate. On this basis, production of a range of products and semifinished products will be mastered that are needed for the rear sectors of the petrochemical, textile, and printing industries, and for the production and processing of plastics and health-care products.
—There will also be a sharp rise in the production of specialized and highly automated processing equipment for the biotechnological, chemical, and food and tobacco industries, of membrane modules and installations for ultrafiltration, bioreactors, and modular lines for milk processing, soft drinks, and bread and bread products.
—The quantity of consumer goods produced in the enterprises of the biotechnological and chemical industries will increase substantially and the product structure will become more varied.
—In **machine building,** priority will be given to the most progressive subbranches in which our country possesses a scientific-technical potential and good market positions, and has gained specialized production experience in the international division of labor.
—The production of modern machines and systems for **integrated automation** will develop at fast rates. The wide expansion of research and production work on automatic technological modules, automatic processing lines, and flexible automated production systems is creating conditions that enable our machine building to master and specialize in the production of **computer-based integrated production systems.**
—The production of systems for **the integrated automation of assembling processes**—an exceptionally promising field—will develop especially rapidly. Additional production and financial resources will be concentrated in this sector during the year, in order to effect a breakthrough on a broad front.
—The production of **technological equipment** is emerging as an important field of our machine building: Next year, its share of the total production volume will reach 11.7 percent. Production of technological equipment for microelectronics, where, so to speak, the "flower" of the most up-to-date technologies is concentrated, will rise at the fastest rate. The joint work with Soviet organizations in this field is a sure guarantee for the speedy mastering of top-level achievements.
—In **transport machine building,** the stress is primarily being placed on technological renewal of the supporting [tilovite] capacities and the production capacities for making assemblies that determine to the greatest degree the quality and performance parameters of the end products. With regard to structural policy, one should point out the rapid rise in the relative share of specialized lift trucks and vehicles.
—In **agricultural machine building,** a major structural reorganization will be carried out, aimed at radically improving the level of mechanization in agriculture.

The structural breakthrough will be made in two main directions, namely:

—mastering a technological group of machines—primarily for individual use—based on a small, 15-horsepower tractor with over 30 working attachments.
—a technological group of machines for mountain agriculture, based on a tractor and 40-45 horsepower truck, with a rich selection of attachments for mechanizing 28 agricultural operations.

The future of our agricultural machine building can now be seen in this area, and our resources and potential should be concentrated in it.

In the development of **optical electronics and laser equipment,** a clear trend is emerging for a transition from single products to complete installations and systems. During only 1 year, over 460 laser systems will be introduced—66 in industry, 10 in construction, and over 380 in health care. The production of laser equipment will rise by over 70 percent compared with 1988.

As well as these directions, in machine building, priority will be given to the development of the following: heavy investment machine building, food and tobacco machine building, medical equipment and systems, vacuums, plasma, and other unconventional technologies, and the production of equipment for the industry-for-man sector, services, and trade, as well as for ecological purposes.

All these priorities in the development of machine building will create conditions for a rapid increase in the industry's efficiency, transforming it into a stable source for the accelerated growth of the national income.

In the **agro-industrial complex,** considerable structural changes are planned for next year. These are aimed at ensuring the transition to a qualitatively new level in the development of agriculture. The measures provided in the plan should be regarded as a mere beginning, because they will be supplemented in accordance with the decisions of the forthcoming BCP Central Committee plenum on agricultural issues.

The planned structural changes are aimed at solving the most important food problems.

In the field of plant growing, the following is planned:
—Priority is to be given to the development of grain production, which must reach 9.5 million tonnes, providing the necessary cereals with excellent properties for bakeries.
—Field areas will be increased for the production of corn, soya, peas, alfafa, and other crops in order to resolve the protein problem.
—Vegetable production will develop at an accelerated rate, especially hothouse production, in order to meet the demands of the population for fresh fruit and vegetables all year round, as well as the raw material needs of the food and tobacco industry.
—About 500,000 decares of irrigated areas are to be completed, of which 150,000 decares are new and 350,000 decares renovated.

In **animal farming,** efforts will mainly be directed toward restoring the cattle herds to their former levels. The following measures are planned to achieve this:
—Retaining the fit, newborn female animals, for which purpose the plan provides the necessary conditions.
—Increasing the share of the individual sector in animal raising, for which additional feed will be provided from the state feed stocks.
—Creating financial allowances for the broad-scale raising of piglets and poultry in domestic conditions in order to increase meat production.

In the **food and tobacco industry,** a general structural and technological renewal will start next year through the organization of consortia with leading foreign companies. This will apply to the following subbranches of the industry:
—the dairy industry, where emphasis will be placed on decentralizing milk processing and the production of new types of dairy products;
—meat processing, where attention will be concentrated on ensuring a wider assortment;
—the grain-processing industry, where a broad range of balanced and enriched foods will be provided; and
—the production of children's foods, where market requirements will be completely satisfied by expanding and modernizing production.

In the **industry-for-man sector,** substantial structural and technological changes are envisaged, aimed primarily at improving the quality and variety of goods.

There will be marked improvements in the range of industrial goods for the population: electrical appliances, household equipment, furniture, etc.

The structural and technological renewal will also encompass the raw-materials and infrastructure branches, and activities in the national economy.

In **metallurgy,** attention will be mainly directed toward perfecting the product structure and resolving the problems of high-quality metallurgy.

In this connection, technologies will be rapidly developed for the continuous casting of steel and processing of steel outside the furnace; in the long term, these technologies are to produce around 60 percent of the total volume of steel.

In 1989, a start will be made on building the first continuous steel casting line at the Kremikovtsi technological metallurgical combine, as part of its complete technological renewal. The "300 Series" rolling mill will also start regular production, thus greatly expanding the range of rolled strip products produced in Bulgaria.

In the **energy industry,** structural and technological renewal will be aimed at the following:

—introducing the first stage of the system for automatic operation-room control of the energy system, using modern computerized technologies; and
—intensifying work on designing and commissioning efficient ash-trapping systems and systems for removing the oxides of sulfur and nitrogen from the gases discharged by power-generating plants, cutting the technological costs of electric power for the plants' own services, and so on.

In the area of **forestry and the forest industry,** it is planned to create new forest crops and introduce new technologies for the production of timber boards and combined timber packaging.

In the **pulp and paper industry,** there will be a broad-scale technological renewal of the main production capacities, by means of investment cooperation with leading foreign companies. A start will be made on building new capacities in order to provide a long-term solution for Bulgaria's pulp and paper problem.

In **construction,** the structural reorganization will mainly be characterized by a transition toward using new building materials and new structural components. New capacities will be commissioned to produce lightweight concrete, plaster [gipsofazerni] surfaces, and partition walls, large ceramic bricks, concrete tiles, glass screens [voal], and other products.

The new materials make it possible to reduce the proportion of large-panel construction and increase the proportion of monolithic construction and systems for large-panel shuttering and goods-lifting platforms, thus ensuring better quality in housing construction and the construction of buildings for everyday and cultural requirements.

In the **transportation** field, work will continue on creating the optimum structure between the separate forms of transportation, with priority being given to increasing the amount of freight and the number of passengers carried by the railways.

The technological renewal is directed toward introducing modern electronic and electronically-equipped systems for automation, increasing the reliability of transportation, and improving safety.

The structural renewal of **communications** is chiefly aimed at renewing telephone, telegraph, and postal communications. The introduction of broad-band radio relay lines to carry stereophonic programs will be expanded, and the coverage of the country by television programs will be increased.

Structural and technological renewal will be based on expanding **research and development work** on a broad front. Foreign scientific organizations and companies will also be brought in to play an active part in this work. The goal-oriented [programna] organization of scientific research and competition between the scientific research and applications collectives will be the main approach in carrying out the tasks for structural and technological renewal.

Provision is also made for completing the required fundamental and applied research on long-term tasks in this field.

The plan will also ensure the fulfillment of all tasks related to the country's participation in the Comprehensive Program for the Scientific and Technical Progress of the CEMA Member States Through the Year 2000.

As a result of the structural and technological renewal, additional profits of over 840 million leva will be realized next year, which represents 52 percent of the growth in net [razlikova] profits for the year.

New and improved products valued at approximately 7.7 billion leva will be manufactured, with the proportion of such products increasing to 15.1 percent, as compared with 12.2 percent this year.

The relative share of systems and complete installations will rise by three percentage points, reaching about 15 percent of the total output.

All this shows that the plan creates conditions for making a start on the transition toward production forces of the scientific and technological type and toward a new technological method of production.

Social Policy—Main Priority of the 1989 State Plan

The country's increasing economic potential creates the necessary conditions and prerequisites for bringing society's social needs to the forefront in our economic policy.

This reorientation of the economy is fully in accordance with and stems from the program postulates of the July Concept and the BCP national conference concerning the rapid solving of the main issues connected with the people's living standard.

The task now is not simply to raise the people's living standard, but to create a new quality of life.

This is why the state plan creates conditions for a profound reorientation of the economy, in order to find speedy solutions to the current and long-term social problems of the population.

With this aim in view, it is planned to introduce substantial changes in certain basic relationships in the national economy and to effect important changes in the traditionally formulated priorities in the economy.
—The proportion of expenditures on social activities in the utilized national income will rise from 32.3 to 34.4 percent.
—The proportion of capital investments for developing the material base of social activities will grow from 24.7 percent to 28.5 percent.

Raising the People's Living Standard

The acceleration of the rates of development of the economy and its reorientation toward the social needs of society are creating real conditions for making an important step forward in raising the people's living standard next year.

This will be mainly achieved through the high rates of increase in the population's income:
—The population's money income will rise by about 6.1 percent; and
—the social consumption funds will reach 9.3 billion leva, representing a rise of 7.7 percent.

The main source for the rise in the population's income next year will continue to be wages. Under the plan's calculations, average pay will reach 258 leva [timeframe not further specified].

The rise in wages will be effected as part of the process of introducing the new basic pay system.
—For workers in health care and national education, the introduction of the new basic pay system next year will be carried out to the extent that the individual sections are ready for the change.
—The preparations completed in the sphere of material production provide grounds for concluding that practically all branches and activities will change over to the new basic pay system next year.

It must be explicitly emphasized that the new system does not automatically signify pay increases for everyone. The actual amount of labor remuneration over and above the basic pay rate will depend on the end results of the labor.

The money needed for the pay increases must, first and foremost, be earned. This applies to all spheres, not only to material production.

Serious attention must also be paid to releasing superfluous staff, without which many organizations are unlikely to be able to achieve a perceptible increase in wages.

One **characteristic feature** in incomes policy next year is that increased attention will be given to those groups within the population that have lower incomes or live in the border regions.

In this connection, the necessary funds are to be provided to fulfill Council of Ministers Decree No 31 of 1988 on the development of centers of population along the country's southern and western borders.

In order to meet the social needs of certain lower income groups in the population, the following provisions are made:
—From 1 January 1989, minimum pensions will be increased from 60 to 70 leva, and inherited pensions from 50 to 60 leva.
—From 1 January 1989, a supplement will be provided for old age pensions granted under the repealed Law on the Pensioning of Agricultural Cooperative Workers and Veteran Founder Members of Labor Cooperative Farms in the Socialist Cooperative System.
—From 1 July 1989, minimum pay rates will be increased from 120 to 140 leva, as announced in the Law on the Ninth 5-Year Plan.

Taken overall, the nominal incomes of the populations will rise by around 5.8 percent next year, while real incomes will rise by 4.0 percent. This high dynamic growth in real incomes, in combination with the measures for enhancing consumer demand and the ability to pay, will be an important condition for activating the human factor.

On a New Image of the Bulgarian Market and Consumer Services

The state of the market is one of the important barometers of a nation's sense of well-being. Money earned by honest labor must be completely covered by the market.

We are clearly aware that, so far, the state of the domestic market does not correspond with the real possibilities of our economy. Many efforts have previously been made in this field, and in recent years, but no lasting breakthrough in our market has been achieved.

It is now time to finally and fundamentally resolve the problems that have accumulated in our market.

With full justification, next year can and must become a **year of radical change in our market,** for the following reasons:
—The necessary measures are being taken to meet the population's current requirements to the maximum possible extent.
—Wide-scale investment measures are being taken in relation to consumer goods production, including joint investments with the USSR and the other socialist countries, as well as the setting up of joint enterprises with leading companies from the developed capitalist countries, in order to find a lasting, long-term solution to this problem.

The original draft plan for 1989 provided for the supply of goods to the domestic market to rise by a perceptible amount, namely by over 12 percent; however, the draft plan did nothing to alleviate shortages and a certain strain in meeting demands in the case of a number of everyday consumer goods.

At the initiative of Comrade Todor Zhivkov, additional planning work was completed with the goods producers, and additional resources were brought in to eliminate the remaining shortages in these supplies.

As a result of this, next year an exceptionally broad-scale maneuver will be carried out in the domestic market, through which goods and services will increase by over 3 billion leva, compared with this year.

This growth is ensured by real guarantees!
—Production of consumer goods will increase sharply, for which the country has the necessary resources available. In addition, it is planned to import raw and other materials that we do not have available at the present stage.

—Far greater use will be made of the potential of group "A" enterprises for the production of consumer goods. For example, the "Electronics" complex will increase production of goods for the market by 25.6 percent; the "Transport, Agricultural, and Construction Equipment complex, by 23.7 percent; the "Biotechnological and Chemical Industry" complex, by around 10 percent, and so on.

The relative share of imported goods will reach 20 percent of the total size of the commodity funds, and barter and other exchange operations will be widely applied. Next year, it is planned to use some of the obligations that other countries have toward us for the supply of consumer goods and certain raw materials for their production.

—Resources are being provided for rapidly setting up, in 1989 and 1990, 100 small enterprises in the industry-for-man sector to produce raw materials and consumer goods.

—A number of enterprises for the manufacture of means of production and enterprises in the defense industry are to be rapidly retooled for the production of consumer goods.

Alongside the general increase in supplies of goods to the domestic market, provisions are being made for substantial **structural changes in the commodity funds** in order to better meet consumer demand and eliminate shortages in the supplies of individual types of products.

—Supplies of meat and meat products will rise by 7.2 percent in comparison with 1988, and milk supplies will increase by 5.9 percent. There will also be increases in the amounts of white and yellow cheese, dairy fats, eggs, fruit, and vegetables.

—Substantial improvements are planned in meeting market requirements for industrial goods: clothing, footwear, furniture, and durable equipment such as television sets, automatic washing machines, refrigerators, audio and video equipment, and so on.

The elimination of the shortages will not be achieved at the very beginning of next year, but will be effected gradually in the course of the year through the efforts of all collectives, enterprises, and people's councils.

The municipal people's councils bear an especially high responsibility for satisfying the population's demands for bread, soft drinks, milk, meat, fruit, and vegetables, as well as for setting up the small enterprises and broadly applying the new forms of management.

In spite of the additional measures, the market's requirements for cars, motorcycles and mopeds, bicycles, sewing machines, and certain individual types of industrial goods which determine the level of the market, will not be satisfied next year.

Next year work will continue on discovering additional possibilities, including imports, for increasing the quantities of all the above goods.

Substantial investment measures will be carried out to achieve a lasting solution of the problems with these goods.

For example, with regard to cars, major investment projects will be carried out next year with the USSR and other countries. Within the next 2-3 years these projects will provide more than 100,000 additional cars annually, thus solving the problem in the long term.

Next year, special attention will be given to increasing the quantity and variety of **everyday services to the population.**

These will increase in volume by over 12.0 percent, with the fastest growth occurring in services that enjoy high consumer demand: services for the maintenance and repair of vehicles, radio and television equipment, domestic equipment, building repair services, and so on.

However, the above should be regarded merely as a minimum assignment. In essence, work must continue during the year on rapidly developing a true **services industry,** in which conditions will be created, based on equal rights, in order to utilize all forms of property.

The widest possible application of piecework, leasing, the forming of cooperatives, and the expansion of individual and group labor activities by citizens will be of especially great importance for the accelerated development of everyday services. In this respect, great opportunities are opened up by the creation of the new companies.

It should be pointed out that the work of the people's councils in the field of services needs to acquire new scope, a new scale, and new initiatives.

On Development of the Intellectual and Social Spheres

The growth in living standards will be accompanied by adequate changes in the intellectual and living environment.

In the **intellectual sphere,** conditions are being created for the consistent fulfillment of the tasks adopted by the July 1988 Plenum of the BCP Central Committee.

Expenditure on intellectual activities is increasing by 12.3 percent, including an 18.9 percent rise in capital investments. Priority is being given to ensuring the creation of the material-technical base for education and to creating the necessary conditions for a start to be made on reducing the two-shift system of lessons for children in the coming years.

The necessary prerequisites have been created to bring the numbers of pupils in classes more into conformity with the requirements concerning the improvement of

the teaching process and, where required, opening schools in certain populated centers with smaller numbers of pupils in the classes.

The intake of students into higher educational establishments is being increased by 3,200, giving preference to the provision of highly qualified cadres for the priority sectors of the economy.

In the fields of **culture and the arts,** the draft plan provides conditions for further developing and improving the creation, spreading, and enjoyment of intellectual values.

In conformity with the requirement for the press to fulfill qualitatively new public functions, it is planned to place this activity on a self-managing and self-financing basis, while also overcoming the departmental approach in publishing work.

It is planned to increase relayed television programs, including the Central Soviet Television, to 29 hours daily.

In **health care,** determined measures are planned for fulfilling the tasks stemming from the main directions for the further improvement of health care, which were adopted by the BCP Central Committee Politburo.

Financial and other resources are being provided for experiments in stages, in a new organization of the health services in 40 polyclinics with about 1,400 home doctors, and for improving the material-technical base of health care in the capital and other parts of the country.

Other new forms of organizing health care activities will be rapidly developed; the numbers of hospital beds for intensive care will double, and there will be sharp increases in house calls by doctors and in workers' health services.

Social help through medical house calls will expand its coverage, and it is planned to provide about 1,600 more staff in this field.

The necessary foreign exchange has been provided for importing life-saving drugs and medicines under license.

Special attention will be given to **house building** next year.

At present, the municipal people's councils and other investors are to build around 75,000 housing units in 1989 on sites with a total area of approximately 6.95 million square meters. The plan effectively provides all the necessary resources proposed by the municipal people's councils for the houses. Reserve resources have also been provided for building a further 15,000 housing units.

A positive feature of the housing program relates to the considerable structural changes in the number of rooms; the proportion of 1- and 2-room apartments has been greatly reduced in favor of 3- and 4-roomed dwellings. This is fully in accordance with the new social requirements of society.

The existing lag can only be overcome by widely involving the economic organizations and the population in resolving this problem, and by expanding construction financed by citizens.

With this aim in view, the restrictions on house building are being abolished. In the case of Sofia and certain other towns with complex housing problems, a state order for a minimum number of newly built houses will be determined.

Building materials will be specially provided for the municipal people's councils and the other investors in proportion to the house construction plans they have adopted.

It is also planned to provide certain tax allowances and other economic incentives for the economic organizations that produce building materials and build houses.

Additional possibilities will be sought during the year for speeding up the building of new modern capacities for the manufacture of blocks for building.

In the **ecological field**, the state plan provides the necessary resources for fulfilling the May 1988 decision of the BCP Central Committee Politburo "On Radically Restructuring Environmental Protection Work and Following a New Ecological Policy."

On this basis, a **new approach** has been adopted, which is reflected in the **purposeful direction of resources** toward preventing and eliminating ecological disturbances.

At the same time, through the outlined structural and technological policy, conditions are being created to a far larger extent to **make the economy conform to ecological requirements.**

The overall expenditures on ecological protection are planned to reach 486 million leva, including capital investments of 401 million leva, which represents an almost 2-fold increase.

Resources will be specially provided for approved measures for improving the state of the natural environment in ecologically threatened regions.
—In the region of **Ruse,** means are being provided for the continued construction of treatment installations at the industrial enterprises, converting the two thermoelectric generating plants and other industrial plants to gas, electrifying public transportation, removing the incinerator plant and certain other industrial operations from the region, and so on.

—In the **Dimitrovgrad** region, construction of the city effluent treatment plant will continue, and reconstruction and modernization of the dust-trapping installations at the "Vulkan" cement plant will start, as well as other measures.

—In the **Sofia** region, treatment installations will be built for a number of production facilities at the "Kremikovtsi" technological metallurgical combine. The city's electrified transportation system will be further developed. Sewage conduits will be laid to the city sewage treatment plant, work will be started on building a treatment plant for solid domestic residues and on reconstructing the incinerator plant, and so on.

—Resources are also to be provided for environmental protection measures in other regions of the country, such as Pernik, Devnya, Stamboliyski, Kurdzhali, Razlog, and others.

A policy to effectively concentrate the capital investments for **cleaning up the waters** of the Maritsa and Iskur rivers, as well as along the Black Sea coast, will be implemented.

In order to **preserve and restore the soil,** it is planned in 1989 to recultivate about 13,000 decares, complete anti-erosion work to protect 550,000 decares, improve about 300,000 decares by chemical means, provide biological and integrated protection for about 10 million decares, and reforest 360,000 decares.

The most important direction of the new ecological policy is **to make material production conform to ecological requirements.** This requires a rather lengthy period and considerable resources for its implementation. The draft plan makes a start on implementing this policy.

Concern for man and the health of the population is also reflected in the measures provided in the draft plan for further improving the **conditions for traffic safety on the streets and roads.** At the same time, the annually increasing, unjustified losses of human, material, and other resources require the self-managing organizations and territorial communities to continuously monitor the situation in this respect, and adopt the measures needed to improve traffic organization, safety, and behavior.

Foreign Economic Relations

The country's foreign economic relations will be further developed, making maximum use of the new political and economic situation in the world. On this basis, our country's positions will be expanded in socialist economic integration and in the international division of labor.

The exchange of goods with the socialist countries will be implemented on the basis of long-term trade deals. In addition, the economic ties with our CEMA partners will be extended with new forms and new content. A number of measures are provided for this purpose.

—Conditions are being created for expanding mutual deliveries under established direct links between our organizations and those of other socialist countries and through joint enterprises and trusts.

—Active use will be made of the advantages of the agreements reached with the USSR and CSSR on making settlement payments in national currencies in the case of direct links between enterprises. Steps will also be taken to sign similar agreements with other socialist countries.

The country will continue to participate next year in the construction of the "Yamburg-Western USSR Border" gas pipeline, and will begin preparing to take part in other major projects for the production of raw materials and other resources of importance for the national economy. The necessary financial and material provisions for these purposes are included in the plan.

Our foreign economic links with capitalist and developing countries will develop, taking into account the new realities in the world and the conditions being created for varied forms of cooperation.

We will begin, on a much broader basis, to establish joint enterprises and conclude mutually linked agreements for modernizing and reconstructing our enterprises, to build joint production capacities, to conduct exchange operations, and so on.

In general, the country's foreign economic relations need to be radically improved.

This requires a rapid transition from the classic form of trade to economic cooperation connected with the following:

—industrial production sharing;

—attracting foreign investments for modernizing our production facilities and making our own investments abroad;

—joint banking and other investments, and so on.

Great opportunities are opening up for cooperation in the scientific field and in cadre training.

Under these conditions, the tasks and requirements for the goods producers and commercial banks are expanding and increasing. The latter must develop their own initiatives and expand effective, purpose-oriented actions in the foreign economic field. This is the way to expand our goods exchange and to boldly enter the world economic arena.

Basic Indexes, Rates, and Proportions of the Plan

The wide-scale structural and technological renewal of the economy and its reorientation toward the social problems of society are leading to substantial changes in the basic rates and proportions of the national economy:

—The dynamics of economic growth are increasing.

—Progressive changes are ensuing in the proportions of the national economic complex.

—The effect of the intensive factors is deepening to an increasing extent, and the efficiency of economic activity is rising.

What are the characteristic features of the basic rates and proportions?

First, provision has been made for the **gross national product** to increase by 6.5 percent during the fourth year of the 5-year plan.

The produced national income will increase by 6.2 percent in comparison with the previous year. It will exceed 32 billion leva and ensure a mean annual growth of 5.7 percent for the 4-year period (compared with a growth rate of 5.4 percent defined in the Law on the Ninth 5-Year Plan).

The structure of the produced national income will also be considerably improved:

—The share of industry is increased—from 55.3 percent in 1985 to 56.7 percent in 1989; and

—the relative share of electronics and machine building in the national income from industry is increased from 22.7 to 29.7 percent respectively, while the share of the biotechnological and chemical industries is rising from 15.2 to 16.8 percent.

The planned ratio of accumulation to consumption in the employed national income is creating real conditions for successfully fulfilling the tasks relating to structural reorganization and technological renewal of the national economy and to a further rise in the people's prosperity.

The "Accumulation" Fund is allocated 22.0 percent of the employed national income, while the "Consumption" Fund is allocated 78 percent.

The structure of the **"Accumulation" Fund** incorporates substantial improvements in the direction of increasing the share of the basic funds and reducing the means for increasing material circulating funds and for uncompleted construction.

A positive step made in the allocation of the **"Consumption" Fund** should be pointed out: the faster growth of the means for direct consumption by the population and the reduction in administrative expenses.

Second, an important distinguishing feature of the structural proportions of the plan is the substantial change in the rates of **production of means of production** and **the production of consumer goods.**

Consumer goods production will develop next year at a rate about 2.5 times faster than that of the production of means of production.

Third, the draft plan provides for a marked increase in the growth and share of the intensive factors for economic growth.

—As a result of the rise in social labor productivity, more rational utilization of energy, raw materials, and other materials, and renewal of the basic production funds, **the share of the intensive factors in the increase in the national income** will rise from 58.4 percent in 1988 to 62.8 percent in 1989.

—Provision is made for the rise in **social labor productivity** to outstrip the growth in the national income; the former will rise by 6.4 percent (compared with the 6.2 percent mean annual rate defined in the Law on the Ninth 5-Year Plan), and will reach 8,826 leva per person employed in material production.

This will result in substantial changes in the employment structure in the national economy: The number of workers in material production will fall, while the relative share of those employed in spheres outside production will rise from 17.8 percent in 1985 to 18.6 percent. Priority will be given to increasing the numbers of those employed in health care, education, science, and in housing and communal management.

Fourth, the material content of products will fall by 1.55 percent, achieving a relative saving of material expenditures amounting to approximately 550-600 million leva.

The material linkages included in the plan have been drawn up in accordance with the requirements concerning **resource-saving growth.** Special attention is given to ensuring the efficient use of raw and other materials, fuels, and energy, based on resource-saving technologies and new improved products with a low material content.

The requirements for resources are calculated on the basis of **progressive expenditure norms.** On this basis, the following percentage cuts are planned in the expenditures required to produce 100 leva of national income, as compared with 1988:

—energy (in nominal fuel terms), 2.8 percent; and

—rolled ferrous metal products, 5.5 percent.

In the future, the provision of resources must be regarded not only as an obligation for the state, but also as a subject for joint activity by the state and the companies. One must increasingly look for possibilities in the international market in order to provide resources.

Particular attention has been given to formulating a new investment policy and closely relating it to structural and technological renewal.

It is planned to invest 74.2 percent of capital investments in the sphere of material production, and 25.8 percent in the nonproduction sphere.

The progressive changes in this area are reflected in the planned increase in the share of capital investments devoted to the technological renewal of material production, which will reach 79.1 percent of total investments.

What are the priority directions of investments in the material sphere?
—It is planned to direct over 25 percent of the investments into the production of goods and services for the population, whereas in recent years the share of such investments has been held back to 18-20 percent.
—About 23 percent of the capital investments for industry are aimed at developing electronics and machine building; about 28 percent for the biotechnological and chemical industries, metallurgy, and mineral raw materials; and 26.6 percent for the energy industry.

Special measures are provided to increase the efficiency of capital investments:
—Construction capacities and material resources will be concentrated to the maximum on projects due to be commissioned.
—The basic funds are being brought into service more quickly, and the proportion of uncompleted construction projects is being substantially reduced.
—The proportion of capital investments devoted to architectural and building works is being limited. The volume of such works is being reduced by at least 17.0 percent, and their value for the year will not exceed 3,970 million leva.

As a result of the planned concentration of capital investments and building and other material resources, in the entire national economy, basic funds amounting to approximately 10.6 billion leva will be brought into service, which is substantially more than what was expected for this year.

The commissioned projects will include such nationally important ones as: the No 7 unit at the "Maritsa-Iztok 2" thermoelectric power plant; the "Chaira" pumping-storage hydroelectric plant; the "300 Series" rolling mill in Burgas; the "Asarol" mine and ore concentrating plant; the "Osogovo" mining and ore-concentrating enterprise; stage two of the radio and television equipment combine in Veliko Turnovo; the Sofia enterprise for the production of photoresistors and ultrapure chemicals for electronics; the corn processing combine in Razgrad; major pig-raising installations in Blagoevgrad and Preslavets; a sewage treatment plant in Pleven, and others.

On the basis of the more rational and economical utilization of production resources and capital investments, it is planned to increase the efficiency of social production as follows:
—Profitability, measured in terms of profit per 100 leva of basic production funds, will reach about 11.3 percent in 1989, compared with 10.2 percent in 1988, representing an increase of 10.4 percent.
—The cycle time for circulating funds will be speeded up by 1.8 days, ensuring a relative savings in circulating funds of over 650 million leva.

Next year, **regional policy** will be aimed at the following:
—further improving the new forms of territorial organization of social production;
—giving priority to resolving the social problems in the municipalities and centers of population; and
—increasing integration between individual oblasts and municipalities in dealing with infrastructure and other measures.

Special attention is being given to resolving certain key social programs:
—carrying out measures connected with developing centers of population located along the country's southern and western borders; and
—integrated development of Mikhaylovgrad Oblast, and solving socioeconomic problems in the Stradzha-Sakar region.

The principles of **self-sufficiency** will be consistently applied to the territorial communities.

When formulating their plans and budgets, the oblast and municipal people's councils should mobilize their own resources to the maximum, and their responsibility should be increased for meeting the people's requirements for goods and services.

The state will assist in resolving vitally important issues in those territorial communities that have exhausted their resources and their capacities for integration with other municipalities and oblasts.

The people's councils are granted the right to allocate their budgets in accordance with the severity of the problems that have to be solved in the given territorial community. This independence for the municipalities also entails a responsibility on their part of the government for the purposeful and effective utilization of the resources provided.

Taken overall, the proposed basic rates and proportions, within the framework of the country's real possibilities, ensure conditions for fulfilling and, in the overwhelming majority of cases, overfulfilling the indexes specified in the Law on the Ninth 5-Year Plan.

At the same time, there should be no illusions that the immense and complex tasks set in the draft plan will be easily fulfilled. The implementation of these tasks at present, in the conditions of the revolutionary restructuring of society, the new organizational forms, and new economic mechanisms, can only be achieved through radical changes in the style and organization of work.

III. On the 1989 Draft State Budget

Comrade people's deputies, in preparing the budget, the necessary measures were drafted with the intention of intensifying the budget's functions relating to the conduct of an active policy by the state in 1989, aimed at ensuring fulfillment of the plan's economic and social goals and tasks.

The budget has been drawn up in conformity with the formation of a fundamentally new economic environment and new economic regulators, as well as with the changes that are beginning in the interrelations between the state and the new company-based structures in the economy.

Accordingly, prerequisites are created for the following:
—rational and effective direction of financial resources;
—concentration of efforts in the strategic directions of technological renewal; and
—orientation of production toward the social requirements of society.

On this basis, the state will exert active influence on production through the budget, and will promote a rise in production efficiency.

A new feature in the interrelationships between the budget and the goods producers is that a system of tax allowances is planned to be applied for certain types of production and activities. This is aimed at creating better conditions for developing the main structure-determining production facilities and technologies, as well as at stimulating the production of goods and services for the population.

A system of tax allowances is also planned for production facilities and activities carried out in populated areas where the economic potential is inadequately developed.

Revenues and expenditures amounting to 24,288 million leva are proposed in the 1989 State Budget. This amount is 5.8 percent higher than that approved for 1988.

What are the chief sources used **in drawing up the revenue side of the budget?**
—**The revenues from the profits of the economic organizations remain the chief source.** These revenues will reach 7,688 million leva in 1989.
—The budget revenues from turnover tax and excise duties will reach around 5 billion leva.
—**Revenues from state social insurance** and the Council for Mutual Insurance of the Members of Labor Producer Cooperatives will amount to 4,386 million leva in 1989 and will be in accordance with the size of the planned "Wages" Fund.
—The revenues from **taxes and charges on the population** represent only 8 percent of all the receipts of the state budget. It should be pointed out that, as individual and collective labor activity develops, the proportion of revenues from the population is expected to increase.

The expenditures under the 1989 draft state budget have been determined on the basis of the priorities and the possibilities for rationally applying the financial means.

The amounts of the majority of the expenditures, both in material production and in the nonproduction sphere, have been established on a normative basis. In this way, the allocation of financial resources is directly linked with the fulfillment of the goals and tasks of the state plan.

It should be emphasized that **a number of qualitative changes are provided in the structure of the budget expenditures.**

—The financial base of the goods producers is becoming stronger as a result of the higher profitability of production. This creates conditions for limiting the expenditures from the budget on investment financing in material production.

—A considerable portion of the budget resources is directed toward ensuring an active and effective social policy.

—Special attention is also given to making financial provision for restructuring the intellectual sphere.

—Provision is made to direct about 30 percent of the budget resources to ensure that the state exerts an influence on the development of material production. A considerable portion of these expenditures is to be used for bonuses, supplements, subsidies, and so on.

About 1,500 million leva is earmarked for supplements and bonuses in respect to products purchased by the state, in order to provide better conditions for the development and technological restructuring of the production forces.

Under the new conditions, where the goods producers have considerably more funds available for capital investment, **the expenditures from the budget on investments in the material sphere** are mainly directed toward construction, repair, and maintenance of the road network, construction of reservoirs and the main canal network, irrigation, and geological survey work.

Credits under easy terms will be granted from the "State Credits" Fund for individual activities yielding low profits, but of importance for the national economy, such as the energy industry, metallurgy, the construction industry, and others.

It is planned to allocate over 35 percent of the budget resources to financing the intellectual sphere, health care, and social security.

In accordance with the decisive role of science in implementing the accelerated development of the national economy, **expenditures on scientific research and applications activities** are substantially increased. For these purposes 352 million leva is allocated, or about 8 percent more than in 1988.

The financial provisions on the scientific front are planned to be made on the principle: "The finance is provided by the body that orders the product, whether a state organ, company, territorial community, or other organization."

The budget means for the scientific organizations will be predominantly directed toward financing research in the strategic directions, opening up new scientific directions, and research involving risks.

At the same time, within the scientific organizations it is planned to increase the proportion of financial receipts accruing from the fulfillment of program tasks and development work under contracts with the goods producers.

Over 1,840 billion leva is allocated **for the maintenance of all forms of teaching and training establishments at all levels,** which is 9 percent more than in 1988.

These means create conditions for carrying out the set task of raising the social role and efficiency of education to a higher level.

Through these means, the state will carry out its own policy, which is directly connected with raising professional qualifications and the expanded regeneration of the work force.

Possibilities are ensured for further developing the full course at the uniform secondary polytechnical school. In parallel with this, work will continue on restructuring the secondary trade technical schools, technical colleges, and higher educational establishments. Work will continue on setting up technical schools above the secondary level of education, as a new and promising form for creating middle-level leadership cadres for the national economy.

In addition, a start must be made during the year on implementing in practice the principle: He who receives the cadres must pay for their training at the appropriate teaching establishment. This principle must gradually become the main one in the training of cadres in professional skills and trades.

The expenses on health care from the budget will reach 1,214 million leva, representing a 9.7 percent increase.

These means are allocated in accordance with the policy to increase the role of health care and establish an optimum relationship between the three main sectors in health care—preventive health care, treatment, and rehabilitation.

The planned budget means provide for the maintenance and expansion of the network of health facilities, and for financing the national programs for the priority solving of the problems in health services to the population.

The expenditures on social security are rising by about 4 percent, as compared to this year. The means allocated for paying and updating pensions will amount to 3,162 million leva. The necessary funds are also provided for paying compensation and allowances to people who have temporarily lost the ability to work, and for monthly allowances for children and others in accordance with the existing legislation.

In accordance with the enhanced role of the territorial communities in the country's socioeconomic development, the share of **the local budgets** will be increased by about 13 percent in 1989.

The collective budget of the municipalities will amount to 4,554 million leva. The municipalities will be responsible for 71 percent of the expenditures on education, 77 percent of the expenditures on health care, and 40 percent of the expenditures on capital investments. To provide for these expenditures, the required subsidies are planned to be granted from the state budget.

Real possibilities exist for the municipalities to increase their local budgets by obtaining additional revenues from their own resources. For this purpose, the municipal people's councils should actively assist the self-managing companies and economic trusts in drawing up more effective plans and in carrying them out.

The necessary means are also provided for the following:

—developing physical education, sports, and tourism, maintaining the working capacity of the population, and ensuring a long, creative life for the nation's members; and

—carrying out the necessary measures regarding traffic safety.

Comrade people's deputies, in accordance with the Law on Compilation and Fulfillment of the State Budget of the People's Republic of Bulgaria, the National Assembly must also approve the **report on the fulfillment of the budget for 1987.**

In accordance with the conditions under which the budget was fulfilled, the Council of Ministers made certain changes in its revenues and expenditures. Effective measures were taken to reduce the administrative and management costs of the economic organizations and the expenditures incurred under the budget on the ministries, departments, and people's councils, without unfavorably affecting the development of the country's economy and the social consumption funds.

The 1987 state budget was fulfilled to the amount of 22,679 million leva in respect of revenues, and 22,669 million leva in respect of expenditures, producing a surplus of revenues over expenditures of 10 million leva.

It is emerging that the 1988 State Budget will also be successfully fulfilled, in spite of the difficulties during the year.

IV. On the Economic Conditions and Regulators

Comrade people's deputies, the state budget and plan for next year will be fulfilled under new economic conditions and with new economic regulators that stem from the decisions of the recent plenum of the BCP Central Committee.

What are the principal features under the new economic conditions?

Regarding the creation of the companies. With the setting up of the companies as the basic organizational form for carrying out economic activity, fundamentally new conditions arise with regard to fulfilling the state plan and carrying out economic activity. I am referring to the fundamentally new content and approach in the management of economic activity.
—This gives rise to radical changes in the functions of the state, since these functions will mainly be concentrated on strategic development, macrostructural changes, integrated development of the regions, market regulation, and so forth.
—At the same time, there will be an exceptional increase in the independence of the goods producers that are organized into companies. In this way, real preconditions are created for expanding economic accountability and self-financing, including in foreign exchange.

It is on this basis and from this position that we must implement our concept for achieving the targets laid down in the state plan and budget.

The legal regulations on the companies' activity will come into force from 1 January 1989, and will apply to all forms of goods producers' organizations, irrespective of the actual form of property. The registration of existing organizations as companies will be carried out in the course of the year.

On the state orders. The process of limiting the volume and numbers of the types of products covered by state orders will continue in 1989. This will create conditions for "untying the hands and feet" of the goods producers.
—State-economic contracts will be concluded for the state orders.

—The plan provides for state orders to cover no more than 20 percent of the total volume of industrial production.
—In the case of an individual company, the volume of production commissioned through a state order will not cover more than two-thirds of the company's capacity.

Special attention is given to the procedure for placing state orders in agriculture. In the future, these orders will be placed with and through the municipal people's councils only for certain basic agricultural products that are intended for: the national balances, processing by the food and tobacco industry, and for export under international agreements.

All the rest of the production will be balanced within the framework of the territory of the relevant oblast. In this way, prerequisites will be created for expanding the initiative of the agricultural companies and municipalities, and for stimulating the system of meeting needs from one's own resources.

Regarding the wholesale prices reform. It is well known that a start was made on carrying out the price reform this year. The reform was applied to almost 23 percent of the goods production.

At the same time, active preparations were completed to ensure that, from the start of 1989, the new wholesale prices will apply to almost 70 percent of products.

This essentially means that the new prices will apply to practically all branches and activities, except for the agro-industrial complex, the industry-for-man sector, and building production. In these branches, the wholesale prices will be changed during the next stage.

Thus, a new and major step is being completed toward consistently carrying out the economic and prices reform, and toward further democratization of the pricing system. The scale and importance of this reform demand that processes should be carefully monitored and the necessary measures adopted in a timely way.

One should explicitly emphasize that the changes in wholesale prices will not affect retail prices. The price differences arising on this basis will be borne either by the state or by the relevant goods producers, depending on the specific circumstances.

Regarding the tax regulators. Next year, we are to carry out a far-reaching change in the tax system. Attention will be centered on the preparations for introducing and operating a tax that is new in Bulgarian practice: **the value-added tax.**

The application of this tax will enable us to do the following:
—to increase the mutual control between goods producers;
—to make the process of price formation objective;
—to speed up the cycle of circulating funds; and, finally,
—to create a more direct link between national production and the international market.

The value-added tax will be applied to companies from all spheres and branches. Until it is introduced, the present turnover and profit taxes will be retained.

The tax rate on profits will be one and the same for all companies. Until the value-added tax is introduced, deviations (increases or reductions) will be allowed for certain companies and organizations, taking into consideration their actual financial position and their possibilities for self-financing.

Taking into account the arguments put forward in the materials of the BCP Central Committee plenum, the present taxes on resources will be abolished.

Regarding the setting of pay rates in the companies. From 1 January 1989, the following method for determining and distributing the "Wages" Fund is planned:
—The companies will independently fix the amount of money allocated for wages, in relation to the real results of production and according to the regulations on the changeover to the new basic pay system and its three professional qualification grades.

—State regulation will be effected through progressive taxation of the increase in the "Wages" Fund, as compared with the previous year.

Next year, it is planned to start issuing **bonds and workers' shares.** The set of tools, something new in our economic practice, will create conditions to enable the labor collectives and every worker to play their part in the careful management of the installations of socialist property.

Comrade people's deputies, the above are the main points in the draft state plan and draft state budget for 1989.

The plan and budget give priority to the most important and crucial factors for our development. At the same time, the draft documents should be regarded as an initial plan for our practical work next year, under the new conditions.

The decisions of the December 1988 Plenum of the BCP Central Committee create fundamentally new opportunities for speeding up the advance of our economy. Along the path of broad integration with the CEMA member countries, and through active participation in the profound changes that are occurring in the world economy, we will be able to implement our goals and tasks.

For this reason, we require a completely new mood among the workers, specialists, and leading cadres, with regard to the problems of technological renewal, the problems of the market, making more efficient use of the capacities that have been created, our participation in the new processes in the world economy, with regard to foreign currency balances, and so on.

On this basis, both the state organizations and the producers of goods must radically alter their work.

Complex tasks lie ahead, and we therefore need determined actions, an uncompromising struggle, and an advance over the entire economic front.

The Council of Ministers is taking the necessary measures to create a smooth organization to ensure that, from the start of next year, work will begin on smoothly fulfilling the planned goals and tasks, and on creating a solid base for a radical change in the country's scientific, technical, and socioeconomic development.

Comrade people's deputies, on behalf of the government, I propose that you approve the report on fulfillment of the 1987 State Budget and the proposed draft laws on the Uniform State Plan for Bulgaria's Scientific, Technical, and Socioeconomic Development and the State Budget for 1989.

Zhivkov Meets SFRY's Orlandic 28 Dec

AU2812132188 Sofia BTA in English
1250 GMT 28 Dec 88

[Text] Sofia, December 28 (BTA)—Mr Todor Zhivkov, secretary general of the CC of the BCP and president of the State Council, today received Mr Marko Orlandic, member of the Presidium of the CC of the League of Communists of Yugoslavia, who is paying a visit to this country at the head of a delegation.

In a cordial and friendly atmosphere, the sides considered the state of bilateral relations. It was stressed they are developing ever more dynamically and that considerable experience has been amassed in various fields. The sides share the conviction that all conditions and worthwhile opportunities are available to upgrade relations to a qualitatively new level, and that the BCP and the LCY are instrumental in this.

Information was exchanged on the processes of renewal underway in the two countries and the tasks of the Bulgarian and the Yugoslav Communists at this stage.

Mr Todor Zhivkov spoke in detail about the decisions of the plenum of the CC of the BCP held this month, which gave the green light to the concrete implementation of the July 1987 Plenum strategy of the BCP in all spheres of life. He outlined the key points of the BCP work to enlist the creative energies of the whole people in the reform processes in this country. It was pointed out that in the efforts to build a strong and viable socialist society it is necessary to study thoroughly the experience amassed by the other socialist countries and especially by the Soviet Union in their restructuring. Learning from one another's positive achievements depending on the specific conditions of each country helps boost the authority of socialism and its influence on the emerging breakthrough in international relations.

Health Care Document Signed With Iran

AU2112175788 Sofia BTA in English
1634 GMT 21 Dec 88

[Text] Sofia, December 21 (BTA)—An Iranian health delegation, headed by Dr 'Ali Reza Marandi, minister of health and medical education, is paying a four-day official visit to this country at the invitation of Mr Mincho Peychev, minister of national health and social welfare. The two ministers signed a memorandum on the development of cooperation in health care.

The document plans an exchange of experience in the sphere of health care, exchange visits of doctors and other medical experts, rendering of healing and diagnostical assistance. The two countries will cooperate in the pharmaceutical industry. Iranian medical men will become acquainted with the experience of the Bulgarian health care for invalids.

In a statement before the BTA, Minister 'Ali Reza Marandi expressed satisfaction with his visit in Bulgaria, which is expected to bring favourable results. He highly esteemed the state and prospects of development of bilateral relations in health care.

Finance Minister Stejskal Presents '89 Budget

AU2212132188 Prague RUDE PRAVO in Czech 14 Dec 88 p 4

["From the Explanatory Statement on the Government-Sponsored Draft Law on the 1989 State Budget," presented by CSSR Minister of Finance Jan Stejskal at the 12th joint meeting of both chambers of the CSSR Federal Assembly in Prague on 13 December]

[Text] The state budget is based on the conclusions of the 7th, 9th, and 10th sessions of the CPCZ Central Committee, which signify a resolute embarcation upon restructuring economic and social life in our country and, by the same token, upon a more consistent solution of the substantive problems of our national economy. The programmatic goals contained in the CSSR Government's statement represent the chief premise on which the specific orientation of fiscal and budget policy for the next 2 years is based. The main tasks with which the financial system is faced today are, above all, to markedly strengthen its active impact on national economic efficiency, to curb inflationary trends, and to strengthen overall economic equilibrium.

Given the current economic situation, we regard the fact that the draft state budget is being presented as balanced as a positive feature. This represents one of the prerequisites for economic equilibrium to be gradually restored. The existing disharmony between supply and demand in several areas of the economy weakens the role of money, reduces the ability of the economy to respond more rapidly to new advances in science and technology and to changes in demand at home and abroad, and adversely affects the efficiency of enterprise operations and their economically sound conduct. In the final analysis, however, it mainly has a negative influence on the degree of citizens' satisfaction.

The fiscal and monetary policy of the state is therefore based on the demand that the amount of financial resources in the hands of the state, enterprises, and the population should match the volume of products and services. This demand concerns the budget management, the provision of credits, as well as fiscal management at enterprise level.

It needs to be frankly admitted, however, that the strain between budget revenues and expenditures that has been evident since the beginning of this 5-Year Plan lingers on. Its main cause lies in the insufficient pace of economic intensification, which is projected in a lower generation of national income than provided for in the Eighth 5-Year Plan and, as far as the fiscal sphere is concerned, particularly in the lower-than-planned generation of profits and proceeds of the turnover tax. Formidable pressure continues to be brought to bear on increasing investment and noninvestment outlays from the state budget, on reduction in obligatory payments to the state budget, on growth of imports, on public consumption by enterprises, and so forth. Retreating in the face of these pressures would be tantamount to setting out on a dangerous inflationary path and to disrupting the stability of our currency with all the negative economic and political implications.

Economic equilibrium must be secured not only within the country, but also vis-a-vis foreign partners. The government has therefore laid down the task of achieving, over the long term, a balanced development of the state's foreign exchange position. In order to reach this target, the plan for next year provides for a surplus in the balance of trade and payments. This requires not only that planned export tasks be fully met, but, above all, it means that efforts must focus on meeting the planned recovery of foreign exchange debts. We will orientate also our credit policy vis-a-vis foreign partners in this direction.

Compared with previous years, this year has seen relatively better results in the financial management of enterprises. However, this is accounted for chiefly by the fact that planned production volume tasks are being exceeded. The fulfillment of qualitative tasks, on the other hand, is in arrears and no change of principles has occurred in this respect. Above all, enterprises fall short of the planned reduction in aggregate costs, which were Kcs3.1 billion higher than planned in the first three quarters of the year. The number of investment projects simultaneously under construction remains inordinately high, the rate of return on basis assets continues to be low, and the task to cut down on excessive inventories is not being fulfilled. It is mainly for these reasons that a number of enterprises drifted into insolvency; their high level of insolvency continues, with the volume of outstanding bills recently exceeding the sum of Kcs45 billion.

We therefore enter the year 1989 with a number of problems in financial management, the solution of which places high demands on the work of all links of management, enterprises, and the financial and credit systems.

A contribution to the solution of substantive problems must be made by the accelerated application of the new economic mechanism in the entire national economy from the beginning of 1990, that is—a year earlier than was originally presumed. We need to change the style and methods of work at all levels of management relatively soon so that the criteria of actual economic performance, profitability, and economic calculation come into the foreground and so that entrepreneurial activity is unfolded on a broad scale for the benefit of our society as a whole. The principle of self-financing codified in the law on state enterprises must make its way into the economic activity of enterprises. The basic requirement will be to create direct dependence between the volume of investments, inventories, and funds for individual and collective material incentives on the one hand and generated financial resources on the other. Hence, enterprises will be unable to rely over the long term on subsidies, relief from levies, and other forms of financial

support. To put it in simple terms: Our aim is the long-term prosperity of enterprises, which must earn the funds for their development.

This year we have already started to apply the principles of [the new] economic mechanism in public catering and in services. From the beginning of next year, the new mechanism will be introduced in the entire agro-food complex and in domestic trade. A new law on the agricultural tax has been passed and the laws on payments to the state budget and on the income tax have been amended.

Another new feature in 1989 will be the reinforcement of the merit principle in wage policy. The special compensations fund is being boosted at the expense of cost-derived wages [nakladove mzdy], which deepens the dependence of the wage bill on the economic end results.

The complexity of the conditions of management next year is rooted also in the fact that, together with elements of the new mechanism, the instruments of management that have been used thus far will also continue to operate and that, in conjunction with the establishment of new state enterprises, the organizational structure of the enterprise sphere will continue to undergo changes. At the same time, effective 1 January 1989, we will effect the restructuring of wholesale and procurement prices, which will create new value relations in the economy and will significantly alter the structure of the revenues and expenditures of the budget as well as the income situation of enterprises.

In view of the extraordinary extent and concurrence of these changes, the state budget for next year has, for the moment, been worked out in the prices and economic instruments that apply this year. We foresee, however, that, together with the conversion of the state plan to the new wholesale and procurement prices, the state budget, too, will be converted in the course of the first quarter of next year to the new economic conditions that will go into force on 1 January 1989. As is spelled out in the draft law, the government therefore requests the Federal Assembly to empower it to carry out this conversion, with the proviso that the report on its outcome will be submitted to the Federal Assembly agencies when discussing the closing state budget for 1988.

The draft state budget proceeds from the tasks of the State Executive Plan for the Development of the National Economy in 1989, which the CSSR Government approved this July.

The total volume of the state budgets and of the national committees' budgets is planned at Kcs407.6 billion, which represents an increase of Kcs19.9 billion, or 5.1 percent, over this year's budget. The balance of the revenues and expenditures of the budget system as a whole, as well as its parts—that is, the state budget of the Czechoslovak Federation, the state budgets of the two republics, and the national committees' budgets—is secured.

The decisive integrative role in our budget system is played by the state budget of the Czechoslovak Federation. Its planned revenues total Kcs223.6 billion, which is 54.9 percent of all budget revenues. Of this amount, Kcs80 billion is earmarked to finance the operations of federally administered agencies and Kcs143.5 billion are subsidies to the state budgets of the Czech SR and the Slovak SR. The Czech SR will receive 60 percent of these subsidies, while the Slovak SR will receive 40 percent, in comparison with 58.9 percent and 41.1 percent respectively in 1988. The ratio of subsidies received by the republics will thus move yet closer together.

The revenues and expenditures of the national committees should amount to Kcs139.4 billion, which is 4.7 percent more than in the 1988 budget. General allocations and special-purpose grants from the state budgets of the two republics cover more than 54 percent of national committees' expenditures.

In this context, the excessive degree of redistribution of resources within the budget system and the low degree of financial independence, particularly of local and city national committees, are a frequent target of criticism. With a view to solving this serious matter, we are reinforcing the base of the national committees' budgets' own revenues. Starting next year, they will avail themselves of all proceeds of the tax on wages, which will make it possible to significantly reduce general allocations from the state budgets of the two republics. The budgets of local and city national committees will have priority in appropriating the entire proceeds of this tax.

Payments by economic organizations account for the bulk of the planned volume and growth of budget revenues. The fulfillment of tasks in efficiency growth is therefore of key significance for covering budget expenditures and ensuring a balanced budget management.

The basic task in this area is to secure the planned Kcs11.5 billion rise in profits, which represents a rise by 7.5 percent. The exacting nature of this task arises primarily from the fact that it is to be achieved by a 1.1 percent reduction in material costs, a target which has not been attained in a single year of this 5-Year Plan so far.

We must far more energetically come to terms with the loss-making operations and insolvency of some enterprises. In order to eliminate the chief causes of insolvency, consolidation programs will be worked out for 38 organizations with the aim of restoring their financial equilibrium by the end of the Eighth 5-Year Plan. This is a serious problem because insolvent organizations having high outstanding bills include large enterprises such as the Automobile Works National Enterprise in Mlada Boleslav, Skoda Plzen, the Klement Gottwald Iron and

Engineering Works in Vitkovice, Tatra Koprivnice, CKD Prague, Tesla Bratislava, the Martin Heavy Engineering Works, the Bratislava Construction Works, and others.

An important source of revenues of the state budget is the turnover tax, which should yield Kcs93.3 billion next year. Following several years of stagnation, the development of the turnover tax has improved this year in conjunction with measures that have been taken to reinforce the domestic market and reinvigorate the retail trade turnover. However, at the same time signals are becoming evident showing that many producers give preference to deliveries of goods in higher price bands over inexpensive types of merchandise.

The draft state budget brings greater pressure to bear on enterprises to finance their needs from their retained earnings. Subsidies for economic organizations' investments will amount to Kcs9.3 billion, which is Kcs0.9 billion less than this year. Subsidies for investment projects are earmarked mainly for the construction of water reservoirs, for the replacement and expansion of the vehicle pool in transportation, for agricultural intensification funds, and for special-purpose building projects in the sphere of national committees. Allocations for the construction of the Gabcikovo-Nagymaros dam project are also provided for. In the interest of reinforcing economic equilibrium, the measure has been incorporated into the capital construction plan of economic organizations for next year that enterprises must finance Kcs5 billion worth of planned investments from resources generated over and above the plan and from funds generated in previous years.

Of fundamental importance for accelerating the process of intensification is the utilization of the results of scientific-technical development. A total of Kcs21.4 billion will be spent on noninvestment outlays in this field next year, which is Kcs300 million more than this year. Of this total, Kcs12.8 billion will come from resources of the economic sphere and Kcs8.6 billion from state budgets. This sum also provides for our tasks arising from the Comprehensive Program for the CEMA Countries' Scientific and Technical Progress Through the Year 2000.

Efficient innovation targets will also be funded from innovation credits that will be granted by the Czechoslovak State Bank and supported by a contingency reserve created in the state budget to cover interest payments on these credits. In connection with the restructuring of the economic mechanism, broader scope for technical development will be created primarily by a provision that permits enterprises to spend more on technical development within the framework of the development fund than the normative rates of allocations to the development fund stipulate. This system is already being applied in experimenting enterprises. Its general application will significantly expand the right of enterprises to decide on the degree to which they will either invest directly or spend resources on technical development.

In keeping with the logic of the new economic mechanism, these measures are aimed at making internal impetus and the vital economic need to dynamically promote technical development on the basis of the principle of efficiency and return on the invested capital the crucial factors for the intensification of technical development.

As for noninvestment subsidies extended to economic organizations and agricultural cooperatives, the budget provides for a Kcs45 billion volume of these subsidies, which is Kcs2.3 billion more than this year. They will receive, for instance, higher subsidies to defray the cost of heat. Subsidies to offset planned losses of water management organizations run by national committees will also be raised. Subsidies offsetting the planned losses of enterprises of the housing economy keep rising on a regular basis; their growth in 1989 is connected, inter alia, with ensuring set tasks in the sector of repairs and maintenance of the housing stock. Subsidies paid to city public transport enterprises, which include allocations for large-scale repairs of surface communication links, will amount to Kcs4.8 billion and will thus be 7.4 percent higher than this year.

We realize that the aggregate volume of noninvestment subsidies remains high. With the aim of a solution of principle to this problem, the government will adopt a program for their accelerated reduction in production and foreign trade. The primary purpose of this program will be to eliminate subsidies that cover up for mismanagement, increase pressure on the cost-effectiveness of trade exchange with foreign partners, and reduce the scale of redistribution processes between the state budget and enterprises.

The utilization of inventories continues to be one of the most troubled areas of our economy. Next year we expect the acceleration of their turnover in industry and in the construction sector with a savings of 2.4 days in comparison with this year's plan. The attainment of the planned level of inventories by the end of 1989 will be exceptionally demanding, however, because this target is being tightened by the amount to which the planned level of inventories will be exceeded this year. We cannot take the path of generally lightening the burden of tasks. It is necessary to make better use of the positive experiences of enterprises that manage to cope with their tasks in the development of inventories, such as Jitex Pisek, Elitex Trebic, Buzuluk Komarov, and others.

In connection with the organizational restructuring of central agencies, the government also deals with the important issue of spending resources on the administration of the state more efficiently and, in particular, with the issue of reducing staff numbers in these agencies. According to the set target, central agencies are

supposed to cut the number of their employees by a total of 5,762. The actual reduction by 30 September 1988 was 1,780 employees, which means that less than one-third of this task has been fulfilled so far. In the light of the decision of the CSSR Government to accelerate the course of action also in this area and to accomplish the task by 30 June 1989, it is essential that the central agencies reexamine the methods applied thus far in this matter and take the necessary steps. At the same time they must see to it that the staff is released in conformity with the set principles.

Taking account of these tasks, we foresee that noninvestment outlays on the administration of the state will, in the central bodies, remain at this year's level, with the volume of payable wages declining by Kcs37 million. To head off an unwarranted growth in expenditures on the administration of the state, the government has decided to extend the program of economies, particularly with austerity measures in the sphere of official cars and with making the operation of our representative and trade missions abroad more economical.

In keeping with the state plan, Kcs28.4 billion will be spent on the noninvestment needs of defense and security next year, which is 7 percent of the total expenditures of the state budget.

A considerable volume of the expenditures of the budget system is allocated on securing the standard of living and the social guarantees of our population. This is testified to, above all, by noninvestment expenditures on social services and jobs for the population, which are planned at Kcs186.3 billion. Despite the strains in the state budget, the budget provides for a relatively rapid, 5.2 percent pace of growth in these expenditures. In absolute terms, this growth represents Kcs9.2 billion, which is almost one-half of the total increase in budget expenditures.

Of the aggregate noninvestment expenditures on the population, Kcs99.5 billion is appropriated for social security. Projected in the growth of these expenditures is, above all, the implementation of the new law on social security, which requires a Kcs4.4 billion increase in next year's budget expenditures.

On the basis of the 1989 draft budget, noninvestment expenditures on health care will increase 8.2 percent and should reach the aggregate volume of Kcs32.6 billion. One of the tasks that will be given priority are improving the supplies of medicines. Expenditures on pharmaceuticals and special medical supplies will therefore increase 8 percent, exceeding the sum of Kcs600 per capita.

Noninvestment expenditures on culture are planned at Kcs5.3 billion, which represents a 1.9 percent increase.

Budget expenditures on housing construction and the housing economy will total Kcs31 billion. Their growth by more than 5 percent reflects the tasks of the state plan of housing construction, which provides for the completion of almost 98,000 apartments. Incorporated into the draft budgets of national committees are Kcs1.1 billion worth of expenditures on the modernization of the housing inventory. Expenditures on state support for individual housing construction will amount to Kcs1.4 billion.

An exceedingly important question connected with the standard of living is the solution of the ecological situation in our state. The volume of works at ecological investment projects over the first 3 years of the 5-year plan amounts to Kcs6.9 billion. If we add to this projects that form part of the 1989 plan, this will add up to Kcs10.5 billion, which is only 57.3 percent of the set task. It is therefore necessary to tackle this grievous national problem far more energetically and with full responsibility. This need arises also from the [international] commitments undertaken by our state. This is why in our financial policy we will give priority to the funding of all planned ecological projects that are ensured in terms of design and building capacity. If necessary, we will carry out flexible transfers of financial resources so that funds underutilized at one project are used at projects whose construction progresses more rapidly.

The state plan foresees that the aggregate income of the population will total Kcs466.8 billion next year, which represents a 2.7 percent increase compared with the plan for this year. Income from wages will increase 2.1 percent. The population's reserves in the form of deposits and cash holdings should grow by Kcs19.5 billion.

Shortcomings in the domestic market are being solved and will continue to be solved, primarily by increasing supplies of goods from domestic production and from imports and, in some cases, by restricting exports of consumer goods. We believe that measures in the production sphere are the key to balancing the domestic market, and an important priority in economic decision-making. At the same time, in 1989 we must ensure consistent wage regulation in line with the measures adopted by the government. The aim of these measures is to pay wages only for honestly performed good-quality work, so that the working people can buy what they want for the money they earn. Rumors about monetary reform and radical cuts in the standard of living of the population are therefore not founded on truth.

The entire financial system is to play an important role in restructuring. It is necessary, above all, to create a system of taxes and levies which will be based on a unified, simple, and stable normative attitude of organizations toward the state budget. Together with the rules for the financial management of organizations, this system should ensure the state's corresponding share in the achieved economic results and, at the same time, encourage entrepreneurial activity and the interest of enterprises in the efficient generation of financial resources and in their economical use. To this end, comprehensive amendments to the law on payments to the state budget and to the law on the income tax will be prepared next year, which will represent one of the

fundamental components of the new financial mechanism. We are also preparing a government decree on the financial management of state enterprises, which, by its comprehensive concept, will simplify and replace a number of existing financial regulations.

Financial instruments in the sphere of foreign trade will be geared toward a more distinct support for cost-effective exports. Management on the basis of economic accountability and self-financing will also be applied in the sphere of foreign exchange. By means of financial and monetary instruments, prerequisites will be created on a broader scale for the development of direct links and for the establishment of joint ventures. In this way we will take another step toward the development of the CEMA countries' socialist economic integration. We will also promote the expansion of mutually advantageous economic relations with nonsocialist countries. Our aim is to establish conditions for the gradual development of our currency's external functions and for its convertibility in the long run.

An important and qualitatively new task will be to work out principles for the routine regulation of the development of the economy. To this end, we will be making far greater use than has been the case up to this point of indirect instruments of management and limit interference in the economy by injunction. The government will be making use of increases or reductions in the rates of levies and taxes within the framework of its existing legislative powers, as well as of changes in subsidies, in the volume and terms of credit, and in other economic instruments in accordance with rules set in advance.

Federal Assembly Approves Budget, Changes Laws

AU2012135088 Prague RUDE PRAVO in Czech 14 Dec 88 pp 1, 2

[Marie Koenigova/Pavel Paral report: "Road Toward Consolidating Economic Equilibrium; Federal Assembly Approves 1989 State Budget"]

[Excerpts] Prague—The 1989 state budget of the Czechoslovak Federation—the basic tool of central financial policy—was approved at the 12th joint meeting of both CSSR Federal Assembly Chambers on Tuesday [13 December]. On the same day the deputies approved changes in the constitutional law on measures within the system of central federal agencies headed by a CSSR Government member, and the law on operations of central federal state administration agencies.

Federal Assembly Chairman Alois Indra welcomed Comrades Milos Jakes, Gustav Husak, Ladislav Adamec, and other prominent party and state representatives at the session.

The state budget law assessed by the deputies envisages the following amounts:

Overall revenues of the Czechoslovak Federation—Kcs223,640,800,000

Overall expenditures of the Czechoslovak Federation—Kcs223,640,800,000

[passage omitted] The rationale for the draft state budget law was presented by Jan Stejskal, CSSR minister of finance.

The joint stands of Federal Assembly Committees were presented by their joint reporters, Alois Hula and Jozef Csemi.

The committees stressed that the continuity of the draft budget and its specific implementation in 1989 is possible only if all changes in the individual items of the state budget are balanced according to the principle that the planned material tasks do not change and the overall balanced nature of the state budget is not affected, Alois Hula stated. That is why the committees demand that the Federal Ministry of Finance (after working out all the changes and concluding calculations in terms of 1989 prices) submit to them all the relevant data, together with an analysis and rationale on the most important items.

The reporter presented the recommendations to central agencies, adopted by the committees in the discussion of individual chapters. Thus the plan and budget committees recommend that the State Commission for Scientific-Technical and Investment Development apply stricter measures toward the coordinating and implementing agencies, in order to make the fulfillment of the state plan of technical development more effective (in fact, only 4 of the total of 26 tasks for 1988 have been included in the plan, but no lessons have been learned from the failure to fulfill this duty).

The industry, transportation, and trade committees stress that the engineering complex must cope with the greatest problem—the unfavorable state of stocks and the unrealistic demands on plan fulfillment, mostly due to the low standards of supplier-consumer relations inside the ministerial branch itself.

In connection with the chapter on the Federal Ministry of Transportation and Communications, the committees point out that to drop 280km of track repairs from the plan means to impair the safety of railroad operations; they recommend that this situation be reassessed. [passage omitted]

Reporter Jozef Csemi spoke (inter alia) of the deliberations of social policy committees, which discussed the adverse situation in supplies of medical drugs and in the standards of medical services in general; he inquired how these problems are being solved.

Eight deputies spoke in the discussion.

The deputies then approved the amended constitutional law on measures within the system of federal agencies headed by a CSSR Government member and the law on the operations of central federal state administration agencies (the explanation was presented by CSSR Government Minister Marian Calfa). [passage omitted] The implementation of this law places no demands on the state budget; on the contrary, it establishes prerequisites for reducing the apparatus of state administration agencies.

Reporting for the Chamber of Nations, Stanislav Kukral voiced (inter alia) the deputies' comments on the operations of the People's Control Committee; in their view, it should also observe which regulations, decrees, and other generally applicable norms adversely affect (in specific instances) the restructuring process, and draw appropriate conclusions from this. The deputies are counting on this issue being specifically anchored in the Control Committee statutes. On the proposal of Federal Assembly committees, the duty of federal ministries to regularly inform the public about their activities was embodied in the law.

Karol Laco, joint reporter of the Chamber of the People, stressed that being entrusted with powers does not just mean a right, but a duty to act as well. The agencies' inactivity and their failure to resolve problems is a violation of socialist legality, involving the possibility of appropriate sanctions. The assembly chambers are also entitled to express distrust in individual government members and to demand their withdrawal from office.

In the discussion the draft law was supported by deputies Ludovit Kmet and Karel Michalski. [passage omitted]

Adamec Addresses Government-Trade Union Session
LD1912225588 Prague Domestic Service in Czech 2030 GMT 19 Dec 88

[Text] The Federal Government and the Presidium of the Central Council of Trade Unions held a joint session in Prague today. The session was addressed by Ladislav Adamec, member of the CPCZ Central Committee Presidium and federal premier.

He recalled the links between political and economic reform and said that important social problems cannot be solved only by changes in the national economy nor, on the other hand, by neglecting the economic sphere. With regard to political reform, Ladislav Adamec said that we have taken certain steps in the organizational, responsibility, contents, and methodical questions, and have embarked on a course toward fuller utilization of constitutional powers, and toward the strenghthening of the responsibility of state organs and their representatives.

Comrade Adamec then briefed members of the Central Council of Trade Unions Presidium on the fact that the government is determined to put investment construction in order as soon as possible and to achieve a balance between the growth of wages and labor productivity. Next year, Comrade Adamec said, we want together with the Central Council of Trade Unions, to draft a concept of state, family, and housing policy, and to solve the extent of social consumption in state enterprises. It will also be necessary to examine the division of labor and responsibilities between enterprise organs, economic management, trade union organizations, and working team councils. A new look at labor initiative and its focus on the final economic result in production will be also necessary. As Ladislav Adamec stressed, the government expects new proposals for the deepening of cooperation and for the solution of some specific economic and social problems from the joint session.

Miroslav Zavadil, chairman of the Central Council of Trade Unions, expressed appreciation for the fact that the leadership of the Central Council has participated in the drafting of the government policy statement which, together with the report presented by the federal premier at the 12th session of the CPCZ Central Committee, gives a specific content to the joint approach up to the 18th congress of the party. As he stressed, it is necessary to pay priority attention to the fulfillment of the government's goal to accelerate the introduction of the new economic mechanism by a year .

The joint session of the federal government and the Central Council of Trade Unions then examined a draft proposal for the management of the government which implements the Labor Code. This proposal ensures the achievement of the main goals of the new Labor Code, implements demands which arise from the public debate, and forms the conclusions of the statewide all-trade union conference.

It also discussed joint draft principles for the further development of the Brigade of Socialist Labor movement. The federal government also announced that at its next session it will discuss and adopt measures for the improvement of public passenger transporation for the next 2 years.

Svarzarm's Lt Gen Horacek Resignation Announced
AU1212172488 Bratislava PRAVDA in Slovak 5 Dec 88 p 2

[Report on speech by Rudolf Hegenbart, head of a CPCZ Central Committee department, at the Eighth Statewide Congress of the Union for Cooperation With the Army, held in Prague on 3-4 December]

[Excerpts] [Passage omitted] In a part of his speech, Rudolf Hegenbart, head of a CPCZ Central Committee department, spoke about the international situation and stressed that the peace policy of the Soviet Union and the other socialist countries has greatly changed both the views and the attitude toward the ensuring of defense.

He noted that the offensive Soviet peace policy, supported by the other socialist countries, has been greatly successful. However, the beginning of the historical

process has been yielding political rather than military results. We welcome, support, and will assert in practical life the measures to reduce international tension. However, the attempts by the Western countries to gain military superiority continue; they have not abandoned their intention to undermine our socialist system; they organize and support domestic antisocialist forces under the slogan of so-called human rights. Thus, the positive developments in the world in no way reduce the need for the reliable defense and protection of socialism. We are convinced that this fact will also be reflected in the work and life of Svazarm [the Union for Cooperation With the Army], one of the most important organization of the National Front, and that new quality will replace quantity in its work.

Svazarm has enough experience and the necessary prerequisites to win over the young people and teach them to make expedient use of their leisure time in accordance with socialist morals. It offers an opportunity to pursue attractive technical and sports activities under the guidance of highly qualified specialists and enthusiasts, teaches people to use new technologies, strengthens people's physical and intellectual condition, enhances qualifications, and prepares young people for their future creative work. It is, without doubt, capable of doing even more if it creates the necessary economic background for its activity. It is necessary to create realistic conditions to enable the primary organizations to have earnings. In this way a number of disciplines can resolve their economic needs. [passage omitted]

In another part of his speech Rudolf Hegenbart reported that the CPCZ Central Committee Presidium has received a letter from Lieutenant General Vaclav Horacek, the current chairman of the Svazarm Central Committee, in which he requests to be released from the post. The Presidium has complied with his request. [passage omitted]

Spokesman Denounces U.S. 'Threats' Against Libya

LD2812192388 Prague CTK in English 1849 GMT 28 Dec 88

[Text] Prague Dec 28 (CTK)—Czechoslovak Foreign Ministry Spokesman Ivan Kulhanek said today that the use of force as well as the threat to use force are inadmissible in international relations and run counter to current attempts at improving the international climate.

Ivan Kulhanek made the statement at a meeting with the ambassadors of Libya, Algeria, Tunisia and Kuwait who handed over at the Czechoslovak Foreign Ministry a statement, on behalf of the heads of embassies of Arab countries, denying U.S. President Reagan's recent allegation that Libya was building a plant for the production of toxic chemicals. It was in this context that the U.S. President threatened with possible action against Libya. The Libyan representative said the plant in question will produce medicines when completed.

Knotek-Mitterrand Speeches in Bratislava

AU2312120788 Prague RUDE PRAVO in Czech 10 Dec 88 pp 1, 2

[CTK and "zr"-signed report: "Conclusion of Francois Mitterrand's Visit"]

[Excerpts] [Passage omitted] Francois Mitterrand, president of the French Republic, accompanied by CSSR President Gustav Husak, paid a visit to the capital of the Slovak SR on Friday morning [9 December]. [passage omitted]

Francois Mitterrand, accompanied by his entourage and Gustav Husak, were welcomed at Bratislava Castle later that day by Viliam Salgovic, chairman of the Slovak National Council, with Ignac Janak, first secretary of the CPSL Central Committee, and Ivan Knotek, premier of the Government of the Slovak SR, in attendance. [passage omitted]

I. Knotek's Speech

The highest French representative was greeted by Ivan Knotek. In his address he noted the deep roots of bilateral relations, particularly emphasizing France's contribution to the foundation of an independent state of Czechs and Slovaks 70 years ago. He recalled the common struggle of Czechoslovak and French patriots against fascism on the battlefields of World War II, as well as the heroism of French partisans in the Slovak national uprising, to whom our people, as a sign of their gratitude, built a memorial on Strecno hill.

The premier of the Government of the Slovak SR briefed the French guest on the economic, social, and cultural development which Slovakia has achieved in socialist Czechoslovakia under CPCZ leadership. In the endeavor for further social and economic progress, he said, we expect to expand participation in the international division of labor and cooperation and specialization, not only within the framework of CEMA, but with other countries as well. In this connection, he expressed the wish to expand Czechoslovak-French cooperation in the economy, science, technology, education, and other areas. He cited examples to illustrate the good traditions of the bilateral contacts on which one can build. He described the activation of the friendship societies in the two countries, as well as the contacts between twin cities, as a contribution to drawing still closer bilaterally.

Ivan Knotek voiced the conviction that the present visit by the highest French representative will significantly contribute to a new quality of friendly relations between the French Republic and the CSSR.

F. Mitterrand's Speech

I am pleasantly surprised by the reception in Bratislava and in your republic, he said. What I have just heard documented the history and the long-term efforts of the

population of this state. From this it is clear that you have experienced many difficulties, and that you have overcome them. This was possible thanks only to the courage of people who have not lost their identity. This courage was displayed in historic events, which you experienced in your own way. Under conditions of friendship between nations, and of Slovakia within the framework of the Czechoslovak Federation, the guest said that in his opinion, everyone can find his identity, his reality.

I listened with great interest to the statistical data on the great progress achieved by Czechoslovakia. The economic and social development of those who were forgotten for centuries, but who worked and provided their hard labor, while having no right to profits, might have been forgotten. From this angle Europe should not forget that neither political not economic success is possible without social justice.

The president also mentioned Czechoslovak-French mutuality. He said: We have not forgotten the name of General Stefanik—he was a general of the French Army, citizen of our country. In 1918, France was your first friend; it contributed to the foundation of your state. We Frenchmen feel with great bitterness the rift that occurred in 1938. In those days I was a student and contributing to smaller periodicals. I wrote about this subject in those periodicals. I protested against this act, which seemed to me tragic and harmful. It was not only a diplomatic and political violation of a treaty, but a violation in the moral sense as well. Later we saw to what it led.

I would like the people in Czechoslovakia, particularly in Slovakia, to know that we must strive to create new, much firmer foundations, so that no one can be a victim anymore and to ensure the equality of the two sides. A lot of work awaits us in this respect, because the war led to the division of Europe and each of us is on a different side. Thus we lived for many years without each other—often one against the other, ideologically speaking. Our task now is to say to ourselves that this is not right, that it is necessary to draw a lesson from it and build the foundations for a new era. And this is the main reason for my presence among you. I do not want to copy Napoleon I and create a new peace of Pressburg—now it would be called the peace of Bratislava—but I would like intellectual peace to reign between Czechoslovakia and France; this is what we must strive for. I would like for us to permanently unite together on the road of progress and freedom, so that your position in Europe is more and more respected.

In the closing part of my speech I would like to add: I would like to recall these facts from the position of France with the hope that from now on, respecting our dissimilarities, we will be able to create truly lively relations in Europe and between our states. I sincerely hope so. [passage omitted]

Jozef Lenart Holds Meetings in Italy

Talks With Milan Businessmen

AU2312131588 Prague RUDE PRAVO in Czech 17 Dec 88 p 7

[CTK correspondent report: "J. Lenart in Italy"]

[Text] Milan— Jozef Lenart, member of the Presidium and secretary of the CPCZ Central Committee, arrived in Milan on Friday [16 December] for a 5-day working visit to Italy. He is accompanied by Zbynek Sojak, head of a CPCZ Central Committee department. The Czechoslovak representatives were welcomed at the airport by ranking officials of the Italian Chamber of Commerce.

Shortly after arriving, Jozef Lenart met with representatives of a number of prominent Italian industrial companies, among them, for example, with ranking representatives of one of the world's largest chemical companies, Montedison; of the company Eniehem; the Fiat automobile works; the Italian Bank of Commerce; and others.

Benedetto Rognetta, president of the Italian Chamber of Commerce for Czechoslovakia, stressed that the present meeting is of exceptional importance for the further deepening of cooperation.

Comrade Lenart said that the important thing now is to elevate the existing good cooperation to a higher level, make faster use of all opportunities and untapped potential.

The delegation was seen off at Prague's Ruzyne Airport by Jan Fojtik, member of the Presidium and secretary of the CPCZ Central Committee.

Speaks to Journalists

PM2212151688 Rome LA REPUBBLICA in Italian 20 Dec 88 p 13

[Andrea Tarquini report on CPCZ Central Committee Secretary Jozef Lenart's 20 December press conference in Rome: "'Prague Will Never Have a Walesa'"]

[Excerpt] Rome—"Dubcek? He is a weak politician and certainly lacks the stature of a Nobel prizewinner." "Pluralism? In Prague there will never be room for a Walesa." This is the picture presented to the world by Jozef Lenart, rising star of the Czechoslovak regime, who yesterday ended his first foreign visit since taking over as director of the CPCZ International Affairs Department from Vasil Bilak, the "hard-line Brezhnevite" and hated ideologue of "normalization." It was a difficult start: At their meeting yesterday Italian Communist Party Secretary General Achille Occhetto told him: "I had significant talks with Alexander Dubcek during his visit to Italy. We Italian Communists renew our appeal for a historical reappraisal of the Prague Spring and for the restoration of political honor to Dubcek, its most prestigious representative."

Busy Contacts With Businessmen

For the first time since his promotion Lenart met yesterday morning with the press in a room at Rome's Excelsior Hotel, where he ended his visit with a number of political meetings (with Under Secretary of Foreign Affairs Bonalumi, Lower House Speaker Iotti, and Occhetto.)

A guest of the Cooperative League, Lenart's contacts in Italy were mainly with economists—he told senior businessmen (from the top management of the General Confederation of Italian Industry to those of Fiat and Fata) of the acute need for high technology in the country that before communism was one of the world's major industrial powers. Here is "Lenart-thought":

Economic reforms—"They represent an arduous political task: We have to free ourselves from bureaucratism, the old pessimistic and bureaucratic way of thinking, which constitutes the greatest obstacle. Restructuring is necessary and will not be painless: We too will suffer the pains of restructuring, like the USSR.

"By the year 2000 we must modernize the economy, reconcile socialism and the market economy, and embark on democratization. We want to pursue the path opened up by Comrade Gorbachev, but in our own way. Prague needs a new way of thinking, but not Solidarity.

"We are setting our sights on the autonomy and responsibility of enterprises and on joint ventures with the West. Factory managers must be elected. Like the Soviets, we have introduced a new law on joint ventures with the West. In Italy I hope to find the political will to impart a new boost to our trade—at present entirely unsatisfactory. I would like to find in your enterprises the same dynamism as that displayed by German and Austrian enterprises."

Political reforms—"The latest plenum made a pledge to the path of democratization. The ultimate aim is a constitutional reform. Democratization is all the more necessary while the economic problems are being tackled: 30 percent of officials will change their jobs. We must approach the new situation while developing the independence of opinions and of labor union and party representation, still within the context of the National Front. The new forces must emerge, but must not set themselves up as parties or pressure groups, as Solidarity has. The independent groups are small and uninfluential."

Reforms in the socialist field—"We follow and support experiments in friendly countries, but we do not want to take risks. We do not want to take the path that led Poland and Hungary heavily into debt in the seventies. It is necessary to distinguish between constructive abd destructive forces."

Dubcek—"He was about to lead Czechoslovakia into a situation similar to Hungary's in 1956. I believe the main hero in 1968 was the people. We have not condemned everything that happened in the spring: Indeed we have embraced the correct principles of that period. I have not deprived anyone of his political honor." "Political honor" is what Dubcek is asking to have restored. [passage omitted]

Lenart Resigns as SNR Deputy, Replaced

AU2812183988 Prague RUDE PRAVO in Czech 22 Dec 88 p 2

[CTK and Bratislava PRAVDA's Gustav Capko report: "On the 12th Meeting of the Slovak National Council; On the State Budget of the Slovak SR"]

[Excerpts] Bratislava— The deputies of the Slovak National Council [SNR] endorsed the draft of the 1989 state budget of the Slovak SR in Bratislava on Wednesday [21 December]. [passage omitted]

The SNR deputies also acknowledged Jozef Lenart's request to be released from the function of SNR deputy for the seventh electoral district of Bratislava-Vinohrady, in connection with his assumption of a different post. They checked the validity of the by-election in which Jozef Kosnar was elected new SNR deputy. J. Kosnar was then sworn in as deputy.

The meeting was attended by Ignac Janak, member of the CPCZ Central Committee Presidium and first secretary of the CPSL Central Committee.

EEC Agreement Called 'Politically Significant'

AU2712143388 Prague RUDE PRAVO in Czech 20 Dec 88 p 1

[CTK report: "EEC-CSSR Agreement Signed; Jan Sterba, Minister of Foreign Trade, Signed on Behalf of the Czechoslovak Side"]

[Text] Brussels—An EEC-CSSR agreement on trade in industrial products was signed in Brussels on Monday [19 December] by the representatives of both sides: Jan Sterba, CSSR minister of foreign trade, signed it on behalf of Czechoslovakia, and Theodhoros Pangalos, Greek deputy foreign minister, and Willy de Clercq, commissioner for external relations and trade policy of the Commission of European Communities, signed it on behalf of the EEC. In his speech prior to signing the agreement (which had already been initialed 2 months ago), Jan Sterba stressed that the document is a logical continuation of the process of improving mutual

acquaintance, of drawing mutual stands closer to each other, and of creating an atmosphere of mutual trust; the foundations for this were laid by the joint declaration on the establishment of new CEMA-EEC relations, adopted in June 1988. In addition to developing a constructive political dialogue, the declaration created conditions not only for establishing diplomatic contacts between the CSSR and EEC, but for normalizing commercial and economic cooperation as well. The minister expressed appreciation for the EEC's quite exceptional position in the development of East-West cooperation. For the time being, the agreement merely removes the obstacles which have so far prevented (or are still preventing) the normal development of trade, the Czechoslovak minister stated. However, one must pursue loftier and more demanding goals—all the more so since the time for closer cooperation on the European continent (as expressed in the idea of our common European home) became ripe long ago. That is why we continue to develop our bilateral relations in an effort to gradually establish foundations for long-term and conceptual cooperation, which would include not only the commercial sphere, but industrial cooperation and possibly even other spheres as well. I am glad that here, too, we have found a common language and that we have agreed to search for ways which would lead to such a treaty adjustment, Jan Sterba stressed.

The Greek representative and the representative of the Commission of European Communities both stated that the agreement signifies the beginning of a new stage in the development of CSSR-EEC relations. Its direct significance is not only commercial—even more important is the fact that it will enable us to consolidate relations between businessmen and enterprises on both sides. At their recent council meeting, the top representatives of the European Communities affirmed their willingness to develop economic relations and mutually advantageous cooperation with their closest geographical neighbors, i.e. the European members of CEMA. We are all aware of another fact: Apart from its commercial contents, the agreement is also politically significant, for it has become part of the detente process between East and West. Our common aim is to draw the nations on our continent closer to each other, T. Pangalos stressed.

Movement on Oder Bay Conflict Reported

GDR, Polish Positions Closer

LD2612193088 East Berlin Voice of GDR Domestic Service in German 1800 GMT 26 Dec 88

[Text] Szczecin. After several years of negotiations on the question of Oder Bay, Poland and the GDR have drawn closer to a joint position. This was stated by the Warsaw Foreign Ministry press spokesman. The two countries agreed Poland must have free access to the ports of Swinemunde and Szczecin; This is the most important thing. There are still some problems in dispute which are of secondary importance, however.

The sides agreed it would be desirable to sign a compromise agreement at the next meeting so that this question will not remain a point of dispute into the coming year.

PPR Official Cited on Conflict

AU2912114088 East Berlin NEUES DEUTSCHLAND in German 27 Dec 88 p 2

[Text] Szczecin (PAP)—Under the headline "Around Oder Bay," the paper KURIER SZCZECINSKI published an interview on 22 December, which was conducted by radio Szczecin with the Foreign Ministry press spokesman Stefan Staniszewski on the question of Oder Bay. The interview was as follows:

Question: In connection with the Polish-German conflict over Oder Bay, the view has often been expressed that it was the Polish side that confronted the other side with accomplished facts through its unilateral step to establish a 12-mile zone in the territorial waters, and that it is reaping the fruit of its work now. What do you think of this claim?

Staniszewski: I do not agree with this position. Of course, somebody had to be the first to establish such a zone. We established it earlier than the GDR, and the question of the borders—if I may say so—both with the Soviet Union and the GDR was to be regulated at a later date. Negotiations with the Soviet Union were easy, those with the GDR more difficult. The reason for this might be that this side is more sensitive, contrary to Poland's eastern border. However, the problem does exist. We have been discussing this issue for several years, and are probably already very close to a joint position. The most important thing is that both countries agree that Poland must have free access to the ports of Swinousjscie and Szczecin. There are still some problems in dispute, which are of secondary importance, however. We believe that a compromise will be reached at one of the next meetings, and we would like to settle the issue once and for all in the coming year, thus eliminating the last point of dispute between Poland and the GDR.

Question: Comrade director, your statements on this issue and those of the government spokesman, Minister Jerzy Urban, have been very cautious. In short, you resort to the following diplomatic formula: As you said, negotiations are being conducted and will probably be concluded in the coming year. At the same time, however, there have been reports that in various cases psychological pressure was exerted on ships that lay at anchor at berth No 3. The "Warta" insurance company, for example, was engaged in a trial involving damages for Polish cutters that had been rammed. Can you comment on these incidents, these facts?

Staniszewski: Serious negotiations must generally be conducted in a calm atmosphere, irrespective of the fact that they are sometimes difficult and lengthy. Information on this issue or comments on these negotiations should also be given in a calm manner and concentrate on the essence of the matter. If we do not act in this way, we do not make the negotiations and the settlement of this contentious issue easier. I allow myself to be guided by this principle when I inform the public about our negotiations with the GDR, and I think that Minister Urban acts in the same way. Critical issues and problems do arise between socialist countries sometimes, including problems in connection with territorial and international waters. In this case, mainly international waters are concerned. We will settle this issue as is fitting for allied countries.

SPD Official Favors Recognition of East Berlin

AU2912114088 Munich SUEDDEUTSCHE ZEITUNG in German 29 Dec 88 p 2

[DDP report: "Momper: To Recognize East Berlin as Capital"]

[Text] Berlin—Walter Momper, chairman of the Berlin SPD and of the SPD group in the Berlin House of Deputies, has advocated the recognition of East Berlin as the GDR capital. East Berlin's function as a capital is an indisputable reality, Momper, who is also the SPD's leading candidate for the House of Deputies election on 29 January 1989, told the "Radio in Berlin." East Berlin is not only the seat of government, but also the GDR's intellectual and cultural center.

Mittag Speech on 1989 Plan, Budget Draft Laws

AU2212145488 East Berlin NEUES DEUTSCHLAND in German 15 Dec 88 pp 5, 6

[Speech by Politburo Member Guenter Mittag, secretary of the SED Central Committee, at the People's Chamber Session in Berlin on 14 December: "What the People Achieve With Their Hands Is of Benefit to the People in Our Country"]

[Text] Esteemed deputies:

The SED group fully and unreservedly approves the present draft law on the 1989 National Economic Plan and state budget.

The objectives and tasks it contains are directed at continuing to successfully implement the course of unity of economic and social policy for the people's benefit, which is and continues to be the essence of our concept of society.

This objective implements the decisions of the 11th SED Congress, and with these objectives we will prepare the 12th SED Congress at the decision of the 7th meeting of the SED Central Committee. This will be carried out with the strength and support of our entire people!

In the Politburo's report at the seventh meeting of the SED CC, Erich Honecker, general secretary of the SED CC and chairman of the GDR State Council, discussed fundamental questions of our time and the GDR's future prospects. This has been done at a time when the GDR citizens are increasingly directing their views to future perspectives and the year 2000. Addressing the supreme people's representation of our country, and against the background of 40 years of historical experiences on the road of the GDR, I would like to stress the statement that we have created a modern socialist state on German soil and, together with the people, have learned how to control it. "Thanks to the diligence, creative spirit, and initiative of the workers' class, the peasants, and intelligentsia, the GDR—under the leadership of the our party—has become a prospering socialist country." This has exactly expressed the sentiments of us all.

Full Support for New Soviet Peace Initiative

In the interest of securing peace, the GDR actively helps to shape a policy that is directed at comprehensive and complete disarmament. On behalf of the GDR, Erich Honecker has expressed the GDR's full support for the new and far-reaching proposals and initiatives that were submitted to the world forum of the United Nations in New York by Mikhail Gorbachev, general secretary of the CPSU CC and chairman of the Presidium of the USSR Supreme Soviet.

Esteemed deputies:

On the road of our program toward shaping the developed socialist society, we have accentuated the trumps of socialism. Particularly with the policy that was initiated at the Eighth SED Congress in 1971, and in an intensive process of reshaping and reform, an increased standard of living was achieved for the people in our country and their social prospects have been secured. The results of what we have achieved in economic efficiency and social returns gives rise to justified pride on the side of the GDR citizens for what has been achieved by common effort. However, it is equally important that the results are also the basis of the firmness of our way for the coming period. We are firmly determined to continue to emphasize the superiority of our socialist order, its values, advantages, and achievements.

Our Economic Strategy Has Proved Successful in Life

The statement that the economic strategy of our party has proved successful is of major importance in this context. The results that were achieved show that, with the help of this strategy, we managed to open up those resources on the way of intensification that were necessary to permit a step-by step improvement of the material and cultural living standard of the people. Moreover, it even permitted us to cope with the considerable demands that resulted from the effects of international factors. Particularly in the eighties, these factors have acquired dimensions that can be overcome only by a consistent turn toward intensification on the basis of key technologies.

Millions of people in the GDR have worked honestly over these years, with dedication and—one can say this for many—devotion. The change over from oil to raw brown coal was mastered, as was the advance toward the heights of international top levels of the 1-megabyte chip, the 32-byte calculator, the latest chemical procedure technologies, and in other fields. Complex and unforseeable structural changes were effected as was the shift toward the latest technologies at a sometimes breathtaking velocity. All this was effected against the background of full employment and the further purposeful implementation of a great sociopolitical program that focuses on housing construction.

It fills us with deep satisfaction that it was made possible to agree on a further considerable increase of pensions, so that some 3,125,000 citizens will benefit from higher pensions as of 1 December 1989. This is the most comprehensive pension increase since the founding of the GDR. A total of M2.3 billion will be provided for this purpose from the budget. As this great sociopolitical measure emphasizes, what the people achieve with their hands has to belong to the people. What belongs to the people is of benefit to the people—this is characteristic of our socialist state.

These thoughts are bound to come up when we adopt for ourselves the ideas that are contained in the Politburo report, which was delivered at the seventh meeting of the SED CC, in order to properly evaluate the historic size of what we have achieved, and to draw the adequate conclusions. In doing so, we do not allow our realistic views to be obstructed, but we clearly stand by our successes, because they give us the strength to meet new challenges.

With vision and a sense of proportion for what is necessary and what can be achieved, the general set of tasks for work in all fields of responsibility were set forward. We determined the vital point, that is, the dynamics of the development of productive forces as a yardstick for progress in society at large. We will face this challenge. We are firmly convinced that by further

perfecting the socialist conditions of production we are paving the way for the development of the productive forces and thus serve the well-being of all people.

Every Branch Has to Make Its Contribution Toward a High National Income

Esteemed deputies:

With the targets of the 1989 plan, we implement principles according to which our direction has to be maintained under all conditions and the plotted course has to be followed consistently, a course that we have outlined as we have further created the developed socialist society.

From the point of view of continuing our time-tested policy, the basic precondition is the increase in efficiency of 4 percent growth of national income as stipulated by the plan. Social security and social progress for the working people have no other source in socialism than a permanently increasing economic output. The objectives that have been determined for each sector must be achieved, so that the overall increase in national income can be effected. This applies to the industry, the construction sector, transport, postal, and telecommunication sector, as well as to agriculture and forestry. The plan proceeds on the assumption that with their high output and achievements, LPG's and state farms contribute increasingly to the national income.

It is characteristic of the high demands on the activities of every single person that are related with these targets that any increase of the national income has to be effected by growing labor productivity. This has to be accompanied by a decrease of unit input.

In its entirety and in its manifold interrelationships, this plan contains targets that make high demands in respect of the disciplined and committed work of all.

A Plan That Stimulates the Mobilization of Reserves Is Real

We attach particular importance to the fact that the targets on which the 1989 draft plan is based mean that this plan is a real plan. This term must be clearly defined everywhere, for it is not a euphemism for a low plan that neither does justice to social needs nor encourages us to tap new reserves.

We are of the opinion that a real plan means a demanding plan that can be fulfilled by mustering all forces and with the initiative of all working people. At the same time, we would like to stress that its tasks are based on a qualified stocktaking of the national economy's developments.

It corresponds to the tradition of many years that this way of interpreting the plan promotes the energy, knowledge, and ability of the working people in socialist competition, and stimulates them to accomplish high achievements day after day, to open up additional reserves, and to surpass objectives.

Numerous collectives have been suggesting new initiatives and obligations in the past few weeks as we have been preparing the 40th anniversary of the founding of the GDR. As we all know, positive examples are a good stimulus and we are sure that a number of additional achievements will be served up for our republic's birthday party. We warmly welcome the FDGB Federal Executive Committee's decision on the organization of socialist competition on the occasion of the 40th anniversary of the founding of the GDR.

It is fundamentally important for our overall social development that, as the representatives of interests of the workers class and all working people, the trade unions make the plan their own by actively participating in drawing up this plan and making its target the starting point of socialist competition. This is a significant expression of our socialist democracy, which we will continue to improve.

Increasing the Accumulative Power of the Production Sectors

It is important that these commitments are accepted and implemented by enterprises and combines themselves and that the results are shown individually for all combines and enterprises. Thus it becomes clear how, in each collective, word and deed form a unity, what the results of the best are, and where gaps still have to be closed.

It deserves the attention of all that, in the interest of a balanced plan and the necessary input increase, the strengthening of the accumulative power of the production sectors was worked out as a task of highest economic priority. This means to increase accumulation for the production sector. The effective use of investment becomes even more important. A growth in national income by some 4 percent is to be ensured in the future, too. This is essential for successfully continuing the time-tested course of unity of economic and social policy.

As the accumulative power increases, investments for the production of important components and construction groups have to be increased. Here lies a large reserve for a growing final product and a good supply with spare parts. We always proceed along the lines of vigorously promoting all initiatives of the working people in order to considerably increase our own contribution to a disposable national income that is as high as possible. High labor productivity, efficiency, and quality accompanied by lower costs, and a production that corresponds to contracts with regard to quantity, range, quality, and value are the main things. It also includes reliably fulfilling the state planning positions, excelling the production figures of popular products and, moreover, organizing cooperation with stability and a view to the future.

What matters to us is to secure subcontractor products, particulary those of cast products. However, severe economic effects are caused, if projects are not carried out in good time or if decisions are delayed. In the Halle Machine Works VEB construction work worth some M500,000 was involved, and the decision was made only now. In the foundry plant of the Bautzen Train Car Plant VEB, M1.8 million of construction input has not been secured. In the Heidenau Die Cast Metal Works VEB the construction sector refused to do some M2 million worth of construction work.

All things considered, the above mentioned cases include sums from several hundreds of thousands of marks up to 1 or 2 million. However, on the economic level this involves the production of several hundreds of millions of marks. It also involves specific products which we need for our national economy and export. It also involves the fact that enterprises can work continually and fulfill contracts. It involves the improvement of working and living conditions in the foundries themselves. This is an appeal to the sense of responsibility of all to help change this situation, particularly as of the beginning of 1989.

Generally one can say that investments must not only be seen on a daily basis, but on the basis of our country's prospects. Decisions have to be prepared and made with a keen sense of social responsibility in order to provide a basis for the economy to ensure increasing labor productivity and thus an increase in output.

Linking the achievements of the scientific-technological revolution even more efficiently with the advantages of socialism is increasingly becoming a focal point of our planning. In this respect we concentrate on those directions of increased output that make a high contribution to the national income and secure us a leading position on an international level.

Considerable efforts will have to be made next year in order to further strengthen our energy base, for which we already use some M9 billion to M10 billion per year at present. However, necessary as it is to strengthen our energy base, we will always have to proceed on the assumption that saving energy is several times cheaper. This is not always a question of comprehensive expense but it is above all a question of acting responsibly in every instance. Many of us know from experience that in many cases we control the room temperature by opening and closing windows—and we simply cannot afford to do this.

Those enterprises and combines that are doing their best to increase their capacity from their own resources meet the standards set by the plan best. They are those who do not call for more manpower, but resolve the growing production tasks with the same and even a smaller number of workers by pushing rationalization on a broad basis. The Schwedt initiative should be applied in every enterprise.

Moreover, the principle applies that work time is performance time. Everybody has a share in determining a high overall result. What is behind this, may be illustrated by a figure: 1 hour's work time in our national economy means M148 million in national income.

Ambitious Targets for the Application of High Technologies

At the same time, the 1989 plan logically contains high targets regarding the broad application of key technologies as a basis for an increase in performance. That concerns the application of CAD/CAM technology, robot technology, and generally the broad and comprehensive rationalization of every work place. Equally high importance is attributed to efforts for the better utilization, the more expedient use, and the higher refinement of raw materials. The most suitable way for the GDR is using the knowledge of science and technology for our national economy purposefully and on a very broad basis. That is what the term key technology means.

In this connection, our party's basic position on the development of microelectronics has been very clearly expounded in the Politburo report to the Seventh SED Central Committee Meeting. Microelectronics will decide the future of the GDR and its highly productive work as an efficient industrial country. It now is important for us to tackle the tasks of the entire national economy everywhere.

We deliberately talk about the enterprises' and combines' own economic responsibility. That means that they have to contribute to the qualitative and quantitative development of production to shape the structure of our national economy, and in particular to create prerequisites for intensively expanding reproduction. For us to talk about transition to comprehensive self-financing means to encourage this development. It has been tested in 16 combines.

The Net Production Targets Strengthen Responsibility

We can state here that this principle of self-financing increasingly determines thought and action. When enterprises are doing more to rationalize under their own steam, when they modernize equipment, when they apply assets effectively—they are on the right path. In this way, they secure an increase in performance now for the next year and subsequent years.

In this connection, we draw your attention to the fact that for some time now, performance has been assessed on the basis of the four main targets, net production, profit involving cost cuts as the main factor, finished products for the people, and exports. Some people may say, what do these targets actually mean? However, these targets largely determine the factors that the collectives concentrate on. To make it quite clear: The change for comprehensive intensification would have been impossible without the

application of the net production targets. When performance is assessed mainly on the basis of goods production targets, those who used a lot of material and organized a lot of comprehensive, partly uneconomical cooperation had an advantage in plan fulfillment. The advantage for the enterprise was not necessarily what benefited the national economy. With the transition to net production, one's own performance is decisive for plan fulfillment. There can no longer be any pretence on the basis of high material consumption and inflated cooperation. What applies is this: Whatever is advantageous for an enterprise now is also advantageous for our national economy. All this strengthens the national economic responsibility of enterprises and combines.

Dear deputies, we also stress the importance of the net production targets, because some people still believe in the ideology of quantity. They produce quantity at the cost of quality. They work according to global, general positions. Their attention is not primarily focused on the necessary supply of the proper assortment of products.

We Are Improving Planning, Leadership, and Economic Management

Much more could be mentioned in this context. However, one thing in particular should be clear: We have always reacted to new requirements on the basis of the development of production forces, so as to keep our economy efficient on an always higher level. The results show that on the whole we have been successful. Of course, we also see what remains to be done—and there will always be a lot to do, because the dynamism of production forces does not decrease; it is accelerating.

The most important experience, however, is surely that socialist production conditions are capable of development, that they always give us new leeway to implement our policy for the people's benefit. Thus planning has been further improved, combines were set up, new forms of cooperation between science and production have been created, and the socialist performance principle has been applied more effectively on the basis of bonus payments. The enterprise collective agreement will be made more effective, so as to attain economic achievements and social results in enterprises through everybody's active democratic cooperation.

All this and more is the concrete expression of the process of far-reaching change that is characteristic of the shaping of the developed socialist society. This is not a one-time-only act, but a permanent process. By comprehensively preparing for and realizing the 12th SED Congress, with even larger energy, responsibility, and circumspection, we will meet the demands of the time, and prior to the start of the 1991-95 5-year plan, we will clarify the tasks that have to be implemented in this period, while keeping in mind the year 2000. That is our position, which is oriented toward the future, and on this basis we will keep what has proved useful, throw overboard what hinders us, and start many things in a new way.

With this 1989 National Economic Plan, we are writing another piece of the history of socialist planned economy for the people's benefit in the 40th year of the GDR's existence. When something new is started, there is a reason to remember roots and starting points. At the time, on the basis of the people's ownership of the most important means of production, we created this socialist planned economy, in order to pave the way for our people out of the ruins of World War II into a happy and secure future. That was also a revolutionary act.

As we see today, it was historically necessary to put an end, once and for all, to what had caused unemployment, mass poverty, and finally the annihilation of millions of human lives, as well as the destruction of huge material values through the outbreak of World War II. On the soil of the GDR, the economic bases for the exploitation of man by man, for profits as the yardstick of every action, and for competition and social insecurity were abolished once and for all. Thus we did not stop at the former state of affairs, but built a new economy—the socialist economy.

Market Economy—A New Label for an Old Thing: Profit Economy

Whereas in the GDR new socioeconomic bases were created in the working people's interest, the old policy was pursued in a conservative way on the soil of the FRG. People there did not move an inch away from what constitutes capitalism. They only tried to exchange the label, writing "social market economy," instead of capitalist profit economy. Some people are very proud of this propaganda trick; however, reality cannot be covered up. To prevent anybody from going too far in interpreting the term "social," an article of the bourgeois paper FRANKFURTER ALLGEMEINE, defending the capitalist contents of the market economy, expressly stresses "...that the excessive expansion of the social state, emphasizing in particular the factor of redistribution, is incompatible with the model of the social market economy."

That is clear enough. It is an acknowledgement of stagnation, conservatism, and reaction regarding basic socioeconomic problems. Bound by capitalist production conditions, people in the FRG are even doomed to achieve technical progress by deepening reactionary economic structures with all the resultant social and political consequences. Thus a new super monopoly will be formed in the FRG, the Daimler-MBB arms concern, so as to remain more competitive worldwide by merging engineering and modern electronics, and—dramatizing things—so as to "be able to survive" against competitors overseas.

It must be said that the social price is high, if technical superiority can only be had by strengthening the power of the monopolies. We surely know where that will lead. Insecurity is not only growing in the social field, but the dangers of unpredictability are also increasing in the political field.

It is no coincidence, therefore that in a recent speech Erich Honecker said "that the FRG Government, in accordance with our joint communique, advocates a world of fewer weapons in word, but under the motto 'we are somebody' blocks the process of detente in deed."

For people to constantly stress before the Bundestag that the so-called German problem is open, and to point out that "Warsaw, Prague, Kiev, and Budapest form part of Europe"—and of course also Dresden, Leipzig, and Rostock—really touches off questions. People are apparently obsessed with the idea that if not the world, at any rate "Europe is supposed to recover" under FRG leadership—first the EC through the integrated market, and then the "rest," if possible.

Such an unrealistic and even arrogant attitude is apparently also supposed to distract people from the weaknesses of the FRG's much-vaunted economic efficiency. I deliberately do not quote our own assessments; I only quote from the large number of worried opinions voiced there and in other countries. For example, RHEINISCHER MERKUR wrote on 2 December this year: "In the international economic hit parades the Federal Republic looks good; however, appearances are deceptive." One of the research institutes wrote on the FRG economy that "part of this national value must apparently be written off now." In other countries, the question has been asked whether the FRG is not becoming the slowest man in Europe. The U.S. THE WALL STREET JOURNAL wants to make it clear, writing: "West Germany has got stuck." These are judgments and assessments from their own ranks or from those of their like-minded allies. Indeed, people there are worried, and they apparently have every reason to be.

This country, of all countries, wants to give us recommendations on how to get on better. This is really no well-meant advice. These people surely are not interested in socialism. They interfere in order to create or consolidate enemy images.

With the Seventh SED Central Committee Meeting and the Politburo report given by Erich Honecker, and government statement delivered by FRG Chancellor Helmut Kohl all happening on the same day, people talked about a "German Thursday." It is true—because the calendar is the same in both countries, apart from a few exceptions of a principled nature, and in both states Thursday was 1 December. However, considering the efforts made by certain FRG circles time and again to find "things the two states have in common," that is all. Here, two social systems face each other that are different in substance and philosophy and have different economic systems. These basic differences between the socialist planned economy and the so-called "social," meaning capitalist, market economy objectively exist and cannot in any way be blurred.

We staunchly continue our road of shaping the developed socialist society for our people's benefit. This road has also proved successful under difficult conditions, and it will allow us to master the present and future tasks, which will certainly not be easy. In doing so, we always take into account the fact that a class conflict is going on in the world today. That is an objective fact, whether people like it or not. However, closing one's eyes to this fact would entail a sudden awakening.

We often speak about the challenge to us; however, by the same token we, being a country in which socialism has developed successfully, of course also represent a challenge to others that cannot tolerate socialism. We must view that quite realistically.

Therefore, it is important for socialism in the GDR to have a constantly developing economic potential.

Comparisons Show That in Many Areas We Are Far Ahead in Our Living Standard

Comparison shows:

Resurrected from the ruins of World War II, the GDR is one of the 10 strongest industrial nations of the world. Viewed over a longer period, the increase in our national income is clearly higher than in the leading capitalist industrial countries. Calculated per capita of the population, in the GDR it increased roughly 120 percent in 1987 compared with 1970. In Japan, which has the highest growth rate among the leading capitalist countries, this increase was 73 percent in the same period. In Canada, it was 57 percent, in France 49 percent, in the FRG 44 percent, and in Italy 41 percent. Great Britain had an increase of 38 percent in this period, and the United States 33 percent.

In line with the increasing economic efficiency, our country also is far ahead in many areas in living standard. For example, regarding the supply of places in day-nurseries and kindergartens, the GDR ranks first in the world. In addition, regarding the availability of common facilities in residential areas, like schools, the GDR holds a leading position.

All in all, social security and safety, full employment, equal educational opportunities for all children of the people, and free health care are a reality—all these things are basic elements of our high living standard.

This also applies to our whole system of school education, vocational training, and qualification in general. We can show it to the world. This high educational potential is one of our trump cards in the struggle for leading international positions. In our country nobody is "eliminated," as is cynically said elsewhere in the German-speaking area, by the application of new technologies. One-fifth to one-third of the staff of important

GDR enterprises is in the continuous process of obtaining further qualifications. We support all those who do what is necessary to ensure first of all that there is a junior generation of skilled workers.

We are determined not only to maintain these positions but also to further develop them. This requires us not only to keep pace with the high dynamics of the productive forces in the developed industrial countries, but also to accelerate our pace. We would be ill-advised to be self-satisfied here. What we need everywhere is the firm will not to stop at what we have achieved, but to struggle for new positions, and to strengthen socialism in the GDR.

The Right Targets in Science and Economy Are the Point

As a concrete conclusion, it should be very clearly understood everywhere that the level of the tasks in science and technology determines the result to be achieved. If there have already been cuts in the tasks, this means cuts in the economic result. We have made good progress in important areas because clear tasks were set for the collectives, the best international standards served as a basis, deadlines were fixed as early as possible, qualified management was organized, and the principle of material and moral recognition of good performance was consistently adhered to. Precisely in these tasks, the close research cooperation between institutions of the Academy of Sciences and the university sector on the one hand and the combines on the other has been shown to be the right and successful course.

In this struggle for top standards, many cadres who gained experience and self-confidence have stood the test. This is a great asset that we should continue to use wisely and responsibly. At this year's Fair of the Masters of Tomorrow in Leipzig, our young people's creativity and vigor were impressively shown. All this confirms our realization that in the race against time our opportunities have increased.

One cannot do everything at the same time. Least of all would it be right to dissipate one's energies during work. Success is created by concentrating on the points that advance our state today and in the future. At the same time, this means to consciously assume one's own responsibility everywhere in the interest of society. Concentration on the main things is a question of the socialist management style and this includes always paying due attention to working and living conditions.

The socialist leaders have a high degree of responsibility for achieving and implementing a real plan in the true sense of the word. Irrespective of the level, socialist leaders do not act as the administrators of things, but as party and state functionaries who are responsible for people. They implement their activities by always representing the positions of worker-peasant power on behalf of which they are active and by which they are appointed. This means clear tasks and confidence in the collectives, in order to achieve the targets even in most difficult situations. None of this has anything to do with capitalist management. Our socialist leadership activity is fundamentally different from capitalist management. Its contents are completely different and truly socialist. All those who want to put capitalist management on a level with the socialist way of running the economy are very much mistaken.

USSR Is and Will Remain Our Main Trading Partner

Esteemed deputies:

As was noted in the joint declaration on the occasion of Erich Honecker's working visit to Moscow, a new stage in GDR-USSR relations has been initiated. In a decisive stage of the development of mankind, at the meeting with Mikhail Gorbachev the joint course was defined that is directed at consolidating peace and strengthening the positions of socialism. We have an unequivocal opinion: Our party and the people of the GDR support the course of the CPSU, in the form in which it is laid down by the decisions of the 27th party congress. At the same time, the CPSU and the peoples of the Soviet Union support the course of the SED that was agreed upon at the 11th SED Congress and is aimed at strengthening our socialist state on German soil, for the people's well-being, and for peace.

The USSR has always been and will remain our main trading partner. The extent of our cooperation and the intertwining of a great number of branches of the GDR and USSR economies are unparalleled in the world. With the decisions of the 11th SED Congress on economic strategy, we have all the necessary conditions to do greater justice at short notice to the projected directions of development of the economies in the field of cooperation.

The present draft law on the 1989 economic plan fully responds to the fundamental importance and the objectives of our cooperation with the Soviet Union, which is of the greatest importance for our continued work.

Esteemed deputies:

Together with the draft economic plan, the draft law on the 1989 state budget was also submitted to the People's Chamber. This draft law deserves our entire attention. It shows in concentrated form what the GDR economy has achieved and to what use these achievements have been put. It also reflects the unity of economic and social policy in financial terms.

Everyone can see where the main sources for implementing our comprehensive sociopolitical program lie. The state-owned combines and enterprises have to contribute a total of M204.6 billion to the state budget. This is the decisive source for the revenues of the state budget.

Billions for Social Security From the State Budget

Next year enormous sums from these revenues of the state budget will be allotted for further implementing the agreed housing projects according to plan. Some M51 billion for subsidies to secure stable prices for basic necessities, rates, and services for the population. The state budget also contains billions for the education sector, for medical and social services for the citizens, for the satisfaction of intellectual-cultural needs, for recreation and sports—for everything that falls under the term social security of the people. The same applies to expenditures provided for national defense.

Ten Million FRG Citizens Suffer From "New Poverty"

If we look at the benefits that our state provides for the social security of its citizens it fills us with concern when we hear about all the things that are possible west of our borders. There is even a specific term, "new poverty," and it is not a mere phrase but affects 10 million FRG citizens. In 1987 the number of people living on social benefits had increased to 4.5 million compared with 1970. However, the number of millionaires has also increased and has now reached 81,000. It may sound incredible, but it is true: The rich are getting richer while the poor are getting poorer.

One also refers to this as the "two-thirds society." One-third runs the danger of lagging behind the general standard of living and becoming relatively poorer. The 250 changes in social benefits laws since the end of 1982 have involved a financial burden totalling some DM210 billion for the receivers of wages and social benefits. This is also characteristic of the system of the "social market economy."

Their way of making "social cuts" is not our way. Our way is to increase economic benefits and to guarantee social security for all. Our motto is: We can only spend what we have already accrued. And to accrue means above all cutting costs and not wasting any material or financial funds. We deliberately emphasize the principle of socialist thrift.

Thrift is a fundamental requirement for increasing social wealth and personal income. It is not a virtue born out of necessity. What matters is much rather to treat every pfennig and every ounce of material and every minute of working time most effectively and efficiently. Therefore it is advantageous to all and to every individual in our socialist society, if we look at and examine each item to find out how social property can be maintained, used, and increased.

Thus, the first question must never be to demand more money but to ask how it can be made. Once we have made it, it has to be turned to good account to strengthen the GDR, including solving sociopolitical questions.

This is a question of the individual's attitude to socialist property, to our state-owned property. Everybody must assume his own responsibility wherever he is.

It does not matter where one works, for in the view of the 12th SED Congress everything has to be done to solve the questions of today, which means, in concrete terms, to implement the tasks of the 1989 National Economic Plan and the law on the state budget plan at every workplace.

* March 15 Unanimously Voted Official Holiday

25000064 Budapest NEPSZABADSAG in Hungarian 21 Dec 88 p 1

[Excerpt] [Passage omitted] Opening the [National Assembly] session, Istvan Stadinger commemorated the formation 44 years ago of the Provisional Constitutional Assembly and the provisional government which is recorded in Hungarian history as the birth of a new Hungarian statehood. After this the President of the National Assembly recognized a representative proposal. The proposal, submitted by Karoly Grosz and Istvan Huszar, first secretary of the PPF National Council, requested that March 15, the outstanding holiday of the Hungarian people, be made a work free day. The Assembly accepted the proposal unanimously and then asked the government to institute the necessary measures for this....[passage omitted]

MSZMP Discusses Political Publicity, Openness

LD2712205188 Budapest MTI in English 1916 GMT 27 Dec 88

[Text] Budapest, December 27 (MTI)—The Political Committee of the Hungarian Socialist Workers' Party held a session on December 27. The body discussed the experiences of the party debates held on political publicity, the renewal of information, and the party's press activity.

Many contributions in the party debates stressed that the most important source for creating political publicity is publicity and openness within the party. Acknowledging the major changes that have taken place in the past months in this area, too, they demanded an internal publicity of the movement which does not simply 'initiate' the membership into the policy, but makes it possible for the communists to actively participate in shaping the policy, in the preparation and passing of decisions, in their implementation. In the course of the party debates, attention was called to the dangers originating from the lacking legal and political settlement of publicity, and mention was also was made of extreme manifestations.

The Political Committee took the stand that the current level of political publicity, and the means of its operation considerably lag behind the demands posed by democratic politicking, in spite of the favourable tendencies. The appearance of new press products is a natural consequence of the pluralist organization of society, as is the fact that the new organizations receive scope on the pages, and in the programmes of the national press organs, the media. The party strives for its representatives to express their views also in the new press products, and to take up debate with the opinions that violate the interests of the nation. The party press should also accept debates of this nature.

The body heard a report on cooperation with parties operating in non-socialist countries. It stated that Hungary's relations with the overwhelming majority of fraternal parties operating in the capitalist and developing countries were continuous and good this year. Almost without exception, these parties show considerable interest for the Hungarian economic and political reforms. A perceptible progress was made this year in Hungary's relations with the socialist, social democratic parties.

The Political Committee—relying on the well-tested favourable experiences—holds it necessary to further develop cooperation with the communist and workers' parties.

The HSWP strives to develop relations with the socialist, social democratic, bourgeois, centrist and christian democratic parties as well. Our solidarity with the fraternal parties and national liberation movements of the developing countries is invariably an organic part of our system of relations, the Political Committee noted.

In the following, the Political Committee decided in other issues that fall under its scope of authority.

Szuros' Remarks on Increasing 'Openness'

LD1912234288 Budapest MTI in English 2105 GMT 19 Dec 88

[Text] Budapest, December 19 (MTI)—Matyas Szuros, secretary of the HSWP Central Committee, held a report on current foreign and home political issues in Debrecen on Tuesday, at the conference of People's Front activists.

Analyzing Hungarian foreign policy, Mr Szuros said that it represents the national interests more consistently than earlier, while keeping the allied obligations in view. The other important characteristic of Hungarian foreign policy, Mr Szuros said, is the increasing openness. We shall shortly establish diplomatic relations with South Korea, and restore our diplomatic relations with Israel, he said.

In 1988, for the first time in forty years, a Hungarian prime minister visited both Moscow and Washington in the same year. This indicates that we alike hold it important to develop relations both with the East and the West. It was also the first time that we held dialogue on the highest level with Hungarians living abroad. We are changing our relation towards Hungarians living abroad. We shall no longer use the expression: emigration, we hold our compatriots living abroad as part of the Hungarians and as a source of strength for the Hungarian nation. The word defector will also no longer be used, as the ensurance of free movement is a fundamental human right, Mr Szuros said.

Answering questions, Mr Szuros, who is also chairman of the Foreign Affairs Committee of parliament, said: This National Assembly is suitable for preparing the new constitution. The possibility for MPS to be able to choose should be created, in other words, it should be

made possible for them to carry out their work relying on a well qualified professional apparatus, as main ocupation, with due fees if they so wish.

Szuros Comments on Message of Papal Statement

LD2212095488 Budapest Domestic Service in Hungarian 1540 GMT 21 Dec 88

[Address by Matyas Szuros, chairman of the National Assembly Foreign Affairs Committee and secretary of the MSZMP Central Committee, at National Assembly session in Budapest—live]

[Text] Esteemed National Assembly, dear fellow deputies, I wish to give a briefing, and make a proposal on an international issue. You have already been informed from the press that Pope John Paul II made public, in the framework of a 9 December Vatican press conference, his New Year's message to be delivered on 1 January 1989, in which the head of the Roman Catholic Church, advocates respect for the rights of national minorities. The document was also sent, by diplomatic channels, to the Hungarian Government. In my judgement, the pope's statement, which is addressed to believers and to states alike, is in harmony with the standpoint, endeavors which our government has professed and expressed several times regarding this issue.

Taking it as the point of departure that this sphere of issues is of cardinal importance for Magyradom, I propose, on behalf of the Foreign Affairs Committee, that our National Assembly take a stand in support of the pope's message. I would point out that other churches and international church organizations, various parties, governments and legislative bodies, various international organizations as well, have taken stances earlier, and in the past months, in a spirit similar to the papal message.

Before making a proposal concernig a standpoint, I would like to outline to the esteemed fellow deputies the essence and background of the papal message, as well as some viewpoints which influence our standpoint relating to this issue. Some 15 years ago, Pope Paul VI proclaimed 1 January to be the Catholic Church's World Day of Peace. The initiative, in the spirit of justice bringing peace, was aimed at calling attention, every year, by emphasizing moral, ethical aspects, to certain important issues of our age, which are related to ensuring peace. Religious freedom was such a topic in 1988.

On 1 January 1989, Pope John Paul II will call on mankind to respect the rights of national minorities. His message takes an unequivocal stand in favor of respecting the individual and collective rights of national and ethnic minorities, or preserving national cultural values and heritage, pointing out that the ensuring of these is the task and responsibility of states. It emphasizes that in a constitutional state, special rights must be ensured for national minorities, and these are summed up in the right to existence, to citizens' equality of rights free from discrimination, participation in public life, the development of minority culture, maintaining contacts with groups living in other states but having the same cultural and historical roots, and also to religious freedom.

The train of thought of the papal message,the demands formulated in it, are in harmony with basic targets of Hungarian foreign policy such as the creation of a humane socialist society, a democratic constitutional state. I would like to emphasize that the message links the demand for rights with nationalities; basic obligations, thus with the assertion of citizens' and social loyalty.

It is of outstanding importance that the papal message raises nationality rights, alongside the aspect of general human rights, in connection with the detente being achieved in international relations. In our conception, this approach is in harmony with UN efforts of several decades related to human rights, with the achievements of the all-European security and cooperation process, it contributes to a democratization and humanization of interstate relations. Therefore it is a matter of the same all-human values and priorities, in whose spirit Hungary, the Soviet Union, and other socialist countries make increasingly effective efforts in the interest of the creation, on a world scale, of the conditions for a strengthening of confidence and security, for disarmament, for harmonious interstate cooperation.

A National Assembly stand in support of the papal message would restrengthen our conception expressed by our full affiliation to the accord document on civil and political rights, our humanitarian initiatives submitted within the Warsaw Pact and at the forums of the European security and cooperation conference, the United Nations, and other international organizations, including the demand for an international codification of nationality rights. The stance would, at the same time, be a worthy preparation, a preparatory step of the planned visit to Hungary by Pope John Paul II. Our public stance would express the constructive relationship between the Hungarian State and the churches and the faithful. It would provide incentive for holding ecumenical, interchurch and joint state-church meetings, possibly within international frameworks.

The Foreign Affairs Committee proposes that the stance of the National Assembly should welcome and should assure of our support the ideas expressed in the papal message. It should emphasize that respect for the rights of the ethnic, national, and religious minorities and the full prevailance of these, the exercise of universal human rights is an organic and at the same time a specific element of peace, the indispensible precondition of international security and good relations between states. It should underline that in Hungary it is in this that we are endeavoring to guarantee national minority rights. It should call on the government to continue being aware of shaping of the situation surrounding Hungarian national minorities living beyond our borders. It should take steps—within the framework of bilateral relations,

and/or in international organizations and forums, and in the interests of improving their situation, in the prevailance of their role in linking nationalities—to promote understanding between nations.

The papal message will be heard officially on 1 January 1989. I ask the National Assembly to authorize the Foreign Affairs Committee to adopt a wording of its stance in accordance with the spirit of what has been said here, and its publication. Thank you for your attention.

Details of 1989 State Budget Given

LD2212152588 Budapest MTI in English 1409 GMT 22 Dec 88

[Text] Budapest, December 22, 1988 (MTI-ECONEWS)—In a long debate the Hungarian parliament rejected all three government-tabled versions of the budget and approved the parliamentary Plan and Budget Committee's alternative fourth version.

This envisages further cuts in state support, and promulgates a 4 per cent single supplementary corporate profit tax, instead of the government-proposed 6 per cent (payable also from the profits, just like the 50 per cent corporate profit tax approved by the previous parliament session).

The total budget expenditure next year will be 521 billion forints (USD 10.02 billion), as compared to 531.5 billion forints (USD 10.22 billion) this year. (The above sums do not contain social security.)

The budget support of companies is to go down to 63.2 billion forints from 95 billion in 1988. Expenditures on accumulation are to go down by a marginal degree only and amount to 48.9 billion forints, as compared to 47.6 billion this year.

The total expenditures of central budget-financed government agencies will amount to 124.8 billion forints, as against 118.7 billion this year, and will compromise defence and other armed corps expenditures which are to come to 58 billion forints next year, and to slightly exceed this year's 57.5 billion.

The budget allocation for councils is 103.3 billion, as against 98.1 billion this year.

In all 33.5 billion forints (USD 644 million) will be spent on servicing debts.

The two year inflation figure between January 1, 1988 and December 31, 1989 is expected to work out to 29-32 per cent. This year Hungary had an inflation rate of 17 per cent.

The budget forsees a 501.4 billion forints total revenue and a 521 billion forint total expenditure with a planned deficit of 19.6 billion forints.

Revenues from profit tax are to stand at 93 billion forints as opposed to a 83.5 billion forint income from the same this year. Other company taxes will yield about 77 billion forints to the budget.

Revenue from customs tariffs and import tax will grow from this year's figure of 37 billion forints to 44.5 billion forints next year.

The total payment of companies to the budget will be 220.7 billion forints next year, as opposed to 248.8 billion forints this year.

The central budget will receive 228.5 billion forints from consumption related taxes next year (VAT [value added tax] and consumption tax), as opposed to 212.5 billion forints.

The revenues from taxes levied on tradesman and merchants will also grow, from this year's 6.1 billion forints to 8.4 billion forints in the next.

The profit tax and dividends paid to the budget by financial institutions, which the state budget is entitled to through its shares, will amount to 19.5 billion forints, while their sum total is expected to be around 20 billion forints this year.

ROK's Sin Tong-won Completes Official Visit

Meets With Nemeth, Others

LD2812183088 Budapest MTI in English 1712 GMT 28 Dec 88

[Text] Budapest, December 28 (MTI)—Sin Tong-won, first deputy of the foreign minister of the Republic of Korea, who arrived in Hungary at the invitation of Gyula Horn, secretary of state of the Foreign Ministry, held consultations in Budapest on Tuesday and Wednesday. The sides evaluated the results attained since official relations were established in September, 1988, and reviewed current issues of developing bilateral relations, including the establishment of conventional bases of inter-governmental cooperation. An investment protection agreement was signed during the visit.

Sin Tong-won met Miklos Nemeth, chairman of the Council of Ministers, on Wednesday.

Sin Tong-won is to leave Hungary on Thursday.

Accord Signed on Investments

SK2812021588 Seoul YONHAP in English 0206 GMT 28 Dec 88

[Text] Budapest, Dec. 28 (YONHAP)—Korea and Hungary concluded on Wednesday an accord for the protection of investments seeking to accelerate bilateral economic ties.

The agreement was signed by Korea's Vice Foreign Minister Sin Tong-won, who arrived here Tuesday for a three-day visit, and Hungary's Vice Finance Minister Andras Patko.

Sin, the highest-ranking South Korean official ever to visit Budapest, met with Undersecretary for Foreign Affairs Gyula Horn on arrival to discuss the signing of four other pacts on economy-trade, culture, science-technology cooperation and double taxation avoidance as well as discuss upgrading their diplomatic relations.

The two countries are likely to announce an agreement on ambassador-level diplomatic relations next month when Horn is to visit Seoul in January. Seoul and Budapest agreed in September to open permanent missions in each other's capital.

The two nations are to sign the remaining agreements later, following further talks between working-level officials.

Sin met with Hungarian Prime Minister Miklos Nemeth to discuss matters of mutual concern after signing the investment protection accord.

'Satisfied' With Results of Visit

LD2812211888 Budapest Television Service in Hungarian 1830 GMT 28 Dec 88

[Text] Endre Aczel reports on the program today of the South Korean first deputy foreign minister.

[Aczel] The guest from the Korean Republic was received this morning in his office by Miklos Nemeth, chairman of the Council of Ministers. Gyula Horn, state secretary at the Foreign Ministry, was also present at the talks.

In the afternoon, we invited Sin Tong-won to appear before our cameras. I asked him what he had wanted, and managed, to achieve with his Hungarian partners in his talks in Budapest. He said the following in his reply:

[Sin Tong-won in Korean fading into Hungarian translation] This is the first time that I have been to East Europe, and I think I am the first official guest from South Korea who has been received by the Hungarian Government. It is a great joy and honor for me that I can be here in Budapest, in this beautiful historic capital city.

I arrived here to meet with representatives of your government and to have talks with government officials, primarily with Gyula Horn, Foreign Ministry state secretary. We had talks about how bilateral contacts could be developed in numerous areas. This was my primary aim. Yesterday, we had very constructive and fruitful talks and we reached the fundamental conclusion that we can cooperate on a very large number of questions with the aim of improving and expanding our relations; in areas such as the economy, culture, commerce, public education, technical and scientific development. It is my opinion that we have taken a step forward primarily in the sphere of mutual understanding. Second, we reached an agreement that the two governments will take every possible step in order to strengthen and develop cooperation.

This morning we signed an agreement on the mutual encouragement and protection of investments. I strongly believe that this agreement will have a lively and stimulating effect on businessmen.

Overall, I am very satisfied with my visit and the results of my talks, and I would like to make use of this opportunity to thank your government and the people here for the kind invitation and for the warm reception, Sin Tong-won said.

MSZMP Salutes PZPR on 40th Anniversary

AU2112130888 Warsaw TRYBUNA LUDU in Polish 19 Dec 88 p 2

[Greetings message from the MSZMP Central Committee to the PZPR Central Committee on the 40th anniversary of the PZPR]

[Text] To the PZPR Central Committee, Warsaw:

Dear comrades, on the great holiday of the Polish workers movement—the 70th anniversary of the emergence of a Polish communist party and 40th anniversary of the unification of the Polish workers movement—we send sincere party greetings to the PZPR Central Committee, all Polish communists, and the fraternal Polish people.

The history of the Polish workers movement shows that the best sons of Polish communists waged a steady and dedicated struggle for social progress, independence, and national advancement. We are proud that the traditions of friendship between the Hungarian and Polish peoples, born out of historical development, consolidated and strengthened in the battle against the common foe during World War II.

In past decades, the PZPR's predecessors, heirs to a historic heritage and the chief force in socialist construction, made major efforts to create and develop a new society. Today, the PZPR, cooperating with progressive social forces of Polish society, is consistently acting for the sake of socialist renewal, overcoming the country's social and economic difficulties, and establishing national accord.

The current period of reconstruction in the socialist countries is creating favorable new conditions for the development of more effective traditional fraternal contacts between our parties and peoples. Highly appreciative of the results of cooperation between the MSZMP and PZPR so far, the MSZMP believes that its task is to continue to develop joint activity between both parties, peoples, and states for the sake of socialist development, peace, and social progress.

On this important anniversary of your party, once again we wish you, dear comrades, all Polish communists, and the fraternal Polish people further successes in developing socialist construction in your country.

The MSZMP Central Committee.

Call For Prosecution of Stalin's 'Executioners'
AU2912094088 Paris AFP in English
0152 GMT 29 Dec 88

[Text] Warsaw, Dec 29 (AFP)—Thirty-eight leading Poles have petitioned the World Court in The Hague to prosecute Stalin's executioners, [as received] no matter how old they are, the group said in a document handed to AGENCE FRANCE-PRESSE here Wednesday.

"Millions of people, indeed entire peoples, were exterminated during the Stalinist period, and these crimes are equalled in form and method only by those of the Nazis," the statement said.

Those responsible for carrying out former Soviet dictator Josef Stalin's orders should be prosecuted for crimes against humanity, without the benefit of a statute of limitations, they said.

The 38 include leading members of the banned trade union Solidarity, including Zbigniew Bujak, former parliamentarian Edmund Osmanczyk, Catholic newspaper editor TYGODNIK POWSZECHNY, and economics professor Stefan Kurowski of the Catholic University of Lublin. [sentence as received]

The December 17 petition, copies of which were sent to the Polish parliament, the Polish bishops and Solidarity leader Lech Walesa, coincides with a press campaign against Stalin's crimes in Poland.

Rakowski on Economic Reform, Investments
LD2812203988 Warsaw Television Service in Polish
1857 GMT 28 Dec 88

[Address to the nation by Premier Mieczyslaw Rakowski—live]

[Text] Good evening, ladies and gentlemen. Well, its already after Christmas. Yesterday, in Panorama of the Day Krzysztof Toeplitz, our superb feuilletonist, commenting on shopping before Christmas, also considered how much food will be wasted in the days after Christmas, and how much will find its way into the bin. Well, what can I say? I can only agree with what Krzysztof Toeplitz said. Unfortunately, such is our tradition that pre-Christmas shopping becomes something extraordinary.

Before I move on to discuss a number of matters which I want to share with you, allow me to sincerely thank all those who sent me wishes on the occasion of Christmas and the new year. They come in essence from all milieux, believers and nonbelievers, youth, children from primary schools and secondary schools, workers, and the intelligentsia. These are not banal wishes. They are sincere wishes. I will in any case add that I also received a Christmas wafer in many letters. These are wishes encouraging endurance and energetic activity. A view is also repeated that over the last few months hope has entered into people, [words indistinct] citizens.

And now, the point is simply for a new category to arise, of [word indistinct], namely certainty, certainty that the government will not cease its activities intended to improve the situation in Poland, both the economic, the social, and the political one, too. I, of course, am fully aware of the fact that this is the start of the road on which we find ourselves. We have come across, and will come across, various difficulties. They have various causes. Some causes have a historic character, already a historic one. Others result from peoples' weakness.

For instance yesterday, while driving a car I listened to the radio. I tuned into a conversation between a journalist with the director general of the Universal Foreign Trade Company. It is a very good company which achieves very good results. During the conversation the director talked, among other things, about his conversation with a highly placed official from the Ministry of Finance, whom he told that Universal would like to obtain a license for alcohol trade. In the answer he heard: Are you crazy? It would be competition against Pewex [company and a chain of shops selling imported goods for hard currencies]. However, we in the new economic policy, which is called the economic reform, introduce the element of competitiveness as a permanent element.

Or another example, a constant social issue after all, and very troublesome: We encourage initiative, we talk about equality in all sectors—the equality of the state sector, the cooperative and private sector. Initiative entails, of course, differentiation. And there is no doubt that in such a situation in which we find ourselves—stressing the significance of this initiative and supporting every entrepreneur—we must expect an increase in the number of rich people. We can see it already. But there is also the other extreme—the extreme of people whose existence deteriorates—people who very often are already poor.

We must, of course, deal with this issue and put on the agenda—as one says—the issue of caring for the weakest; but it is an issue which cannot be solved by just one directive or one law. Such a troublesome situation, for which we often do not have a full answer today, are many. Certain authors of letters—I received a lot of them—propose various solutions and give various bits of advice. These are sent to us. Often logical solutions are proposed but these cannot be applied immediately, either because there is no money or there exists a force of habits, etc.

Now I have to answer the question, what we consider most important in the economy in 1989. The fundamental issue is the struggle against inflation, in other words, halting the inflationary processes. I have spoken about this before, about the fact that inflation eats up what is healthy in the economy. We assume that inflation should not exceed 20 percent and that food prices should not go up by more than 15 percent. One can ask why prices are increasing, including food prices. There are a number of reasons, but the main factor in the growth of prices is the

growing cost of power, and this I would say is an objective component. The point is that coal is our only source of power. The extraction of coal is costing more and more each year. On average it is going up by 6-7 percent and this cannot be avoided because it is necessary to go deeper and deeper in order to extract coal.

In this situation the increase in prices are unavoidable, but if that is the case, then one should ask if there exists a possibility of limiting this growth. Yes, such a possibility does exist, there are several possibilities of a way out. The first: We must save on power in an extremely careful way. Of course all society should save, but most of all the work enterprises, the directors, and the personnel of work enterprises because the production sector enterprises eat up the biggest part of the power produced from coal. In the coming year we shall therefore be tough with all enterprises which treat the saving of power lightly.

There are still many other examples of such contempt. Another cause or another contributory factor that influences inflation is the delaying of investments. We will also be hard with those who allow such delayed investment processes, for causes that are often subjective, and we will be demanding that these investments produce the fastest possible returns. Rather, we will support those investments that guarantee results. There are many possibilities here. I have to say that insufficient concern for saving energy in our industry (?concerns me).

A continuous source of inflation is inefficient enterprises, especially those producing means of production. What does ineffiency in an enterprise mean? Well, this is the use of subsidies, and where do subsidies come from? Subsidies come from other workers. But this is still not all. The struggle against inflation also demands budget savings. And so in the coming year, these economies, in the case of the state budget, are quite significant; but despite everything reserves still exist. We have in our economic-social life many different outlets, intermediary bodies that in essence are often completely unnecessary or else might as well not exist. But we have become accustomed to their existence and we cannot always afford to remove them. In a word, there are possibilities here for the limitation of inflation, but this will demand both sacrifices and very strong discipline. On the one hand democratic management, and on the other, however, there is need of strong discipline, otherwise we quite simply won't be able to cope with the existing difficulties.

The problem is that everybody in Poland is in favor of the reform, but only if it does not affect them directly, in the sense that they lose out as regards their position or finances, because of, let us say, having to work in an enterprise which is inefficient. I would like you to understand that behind every economic and social problem there are people and their interests, and that it is not easy, in every situation with which we are dealing, to put these interests in their proper place.

In conclusion I would like to mention one more issue—supply and demand. Supply and demand are the notions which should be regulated by economic laws. But there is one more law: the law of common sense. In our circumstances it is essential to limit demand. I think that I should ask the citizens not to hoard unnecessarily. This really does not make sense. Please think about this. This will be a kind of gift for the new year. And here the point is not just consumer demand, the point is also demand for investment goods and production goods. So much for the economic issues which we shall have to resolve in the coming new year.

Finally, to conclude with one more matter. I know that the government is being closely watched by society; that is understandable. It was like this, it is like this, and so it will be—and so it should be. Our every step should be assessed critically, but I would also add—justly.

Among those who come forward with criticism of our activity, or of my activity as head of the government, there are also people from the opposition who put forward comments of various kinds. These are often indeed very critical. Well, I would like to say that I have nothing against that criticism. The point is just what kind of criticism it is; for I can criticize, too. I have been practicing criticism for many years as a journalist. The essence of the matter is that if somebody criticizes the government's economic policy, he should propose specific solutions—and realistic ones, too, of course: What to do, how to do it, what to replace a given segment of economic policy with—with another segment? We in the government are open to this type of proposal.

In conclusion, it remains for me to say a few words about the approaching new year. Because I received so many wishes, I must send wishes to my fellow countrymen as well. Normally, we wish one another health and happiness. I would add one more wish, which I'd like to address to those who are listening to me, and that is: More faith in yourselves; more conviction that we, as a nation, can indeed do more; that we can, and we have, the opportunity to go forward, as we say in Poland. Thank you.

Managers, Trade Unions To Decide Working Hours

LD2612180988 Warsaw PAP in English
1632 GMT 26 Dec 88

[Text] Warsaw, Dec 26—The Polish Government has issued a decree which considerably increases the autonomy of socialized work establishments in fixing working time for their crews in the 1989-92. The move is meant to promote the principle that working time should be adjusted to economic premises and decisions made by the plant rather than administrative regulations. The to-date norms of working time remain unchanged.

Among other provisions, the decree makes it possible to extend the weekly amount of working time to 48 hours and next to bring the score down to the average 42 hours a week by granting the employees days-off within 24 weeks.

To-date brakes on flexible working hours are lifted, with the daily and weekly amount of working time for individual firms upheld.

As of next January 1, the timetables for employees of home trade, services, health service, transport, etc., will be fixed by the management of a given unit in agreement with the trade union cell, instead of by supervisory units.

Laws on People's Councils Take Effect 1 Jan

LD2812120488 Warsaw PAP in English 1037 GMT 28 Dec 88

[Text] Warsaw, Dec. 28—Six new laws will take effect as of January 1, 1989, five of them concerning people's councils.

The fundamental among them is amended law on people's councils and territorial self-government. The related laws regulating the principles of functioning of local government bodies and state administration organs, some articles of the law on the housing construction fund (which is related to budget economy) and the law on bonds (as concerns their issue by people's councils).

The law lifting the decree on the distribution of trade commodities and supplies is the 6th legal act to be enacted in the new year.

The law on special powers for the government expires after December 31 this year.

PZPR's Gabrielski Interviewed on Party's Role

PM2112192588 Bydgoszcz GAZETA POMORSKA in Polish 9 Dec 88 p 3

[Interview with Stanislaw Gabrielski, head of PZPR Central Committee Political and Organization Department, by KAR correspondent Zygmunt Rola; date and place not given]

[Text] [Rola] What is the purpose of all this upheaval: the recent changes in relations between the government and the Politburo, the substitution of political methods of operation for the traditional, administrative ones, or the proposed reform of party structures—a reform which is already being implemented in the Soviet Union?

[Gabrielski] What is the purpose of it all? It is to increase the party's power of influence. The times are long gone when the party could lead and direct the nation by means of bureaucratic and administrative measures. The period of reassessment began with the extraordinary ninth congress, when political methods of leadership began to be put into practice.

[Rola] But it is a laborious, uphill progress.

[Gabrielski] That is because the process is far from easy. It requires profound changes in people's awareness and it also demands that a new awareness be forged within the party itself. The difficulty is also compounded by the fact that realization of the party's leading role by means of political measures is today a much harder task than it was before. Today it is arguments and personalities that count. We need to make our influence felt much more profoundly in the sphere of ethics and ideology.

[Rola] Would it be true to say that the phenomenon of pluralization of political life is one of those new elements of the complex context within which the party operates which impedes the operation of switching over from administrative to political methods?

[Gabrielski] Yes, but pluralization is a natural phenomenon. Consequently, if the party is to retain the ability to fulfill its role in a pluralistic society, it must preserve its own identity, its individual character—but in addition it must both generalize the civilizational processes which take place in the country and work out a blueprint of its work that would allow it to identify itself with society.

[Rola] We are now touching on the problem of the nature of contemporary political thought...

[Gabrielski] I have had this question put to me at many meetings in many milieus, but first and foremost—naturally—at party meetings and in party circles. Everything that the party initiates and implements in the sphere of political and economic reforms is designed both to encourage higher effectiveness of economic management and—particularly important for the younger generation—to reduce the civilizational gap which separates Poland from all highly developed countries in the world. Other elements of contemporary party political thought are an emphasis on openness and self-realization of the individual. We must end the practice of regarding many phenomena in a global context, a practice with which we have been familiar for dozens of years. We should view our programs in the aspect of the individual human being, the aspect of the microenvironment in which we operate. Finally, there is the question of utilizing the most valuable elements of Polish socialist thought—and also all rational and humanist values contributing to the achievement of contemporary civilization.

[Rola] These accents are new in party practice. Where do they come from?

[Gabrielski] The party should naturally and wisely assimilate all the most worthwhile elements of political thought throughout the world, so that they could be used to the best advantage in our national Polish context. Therefore we must be capable of conducting a search for the kind of political and economic solutions that would be compatible with Polish realities. This in turn obliges the party to undertake the task of internal transformations.

[Rola] Why only now? I keep hearing this question from many different groups within the party and it is always accompanied by the comment that in the past the party only decided to make changes under the urgent pressure of the existing circumstances.

[Gabrielski] Why now? Because now these changes are essential if the party is to remain a a party, if it wants to continue as the leading and steering force. But it is not true that we are only making them now. You can notice the changes more readily today because a considerable number of them have already been implemented. They have become more obvious now.

[Rola] What is the nature of these changes?

[Gabrielski] Society is moving in the direction of a far-reaching decentralization of all its aspects. That is why we also must move away from an excessively centralized system of directing the party. Consequently, we must aim to stimulate—and achieve—greater initiative and better effectiveness. We are, of course, thinking also about the smallest cells in the party, about the lowest levels at which the party's life is directed. This is really nothing new, but the social and political situation of the present day has made us face a number of new and unprecedented demands. No primary party organization can be given a recipe for effective operation. What they need is independent thinking and political imagination. Given that for the past 40 years primary party organizations simply carried out the tasks prescribed for them from above, it will be very difficult for them now to switch over to a completely new mode of operation. Force of habit is bound to interfere. That is why nothing here can be ordered by decree or taught by instruction. Everything will have to be learned from scratch.

[Rola] Are we going to be able to learn?

[Gabrielski] We will have to do so. We can draw encouragement from the fact that party people today are both realists and rationalists. But it is still urgently necessary to forge new personalities and attract new people to party aktiv and party apparatus. A party activist must be able to foresee future developments and remain ready to face the people when things are really difficult.

[Rola] But the party itself must provide favorable circumstances for such new activists to emerge and operate.

[Gabrielski] Yes. We must, for example, make new and revolutionary changes in the system within which these new activists would be trained. We must train them to "move among the people," and teach them about the factors that determine development and progress. If the party is to be a pro-reform force, its members—from rank and file to leaders—must master the knowledge of the modern methods of influencing and forging attitudes. This cannot be improvised or done in a hurry. It is bound to take time, but we must already today break away from the traditional methods of working with the party aktiv.

[Rola] I can hear in these words a confirmation of the truth that the party tries to be opposed to everything which does not survive the test of time. So what are the main things which do not survive that test?

[Gabrielski] During a recent meeting at the Ursus Tractor Plant between members of the party leadership team and workers, a poll was conducted among the participants of the meeting on the subject of obstacles which hinder the implementation of reforms. The majority of respondents—more than 40 percent—replied that bureaucracy constitutes the chief obstacle to the implementation of reforms. Naturally, they did not think exclusively of officials who remain entrenched in their positions. The biggest problem is the habit of bureaucratic thinking.

[Rola] Premier Rakowski restores a normal perspective to matters which until now have been regarded in a distorting light. This kind of operation should be introduced in the party, too....

[Gabrielski] The need to return to normalcy stems from our humanist needs. A great number of bureaucratic growths and distortions has accumulated in our life. Naturally, we should fight and conquer them within the party, too. It is also necessary to model new party elites because only these can forge progress. Socialism can no longer afford to be poor, nor can it be found lacking in outstanding personalities who would not only lend it their authority and credibility but also could map out its way into the future. But this requires that such people be trusted, and in the past there has never been too much of such trust. Nor was the right of every human being to take risks and to experiment respected in practice, either. We must now get used to the idea that such new elements of modern social practice will also appear within the party.

[Rola] There are many who are afraid of that....

[Gabrielski] That is a good thing! It would be wrong if the new proposals provoked no controversy and discussion. All the same, all changes must be subordinate to the identity of our system. All our actions should serve to strengthen socialism rather than weaken it. They should allow the party to gain more influence within society and reinforce its vitality. The new situation forces the party to seek new roles for itself so that the party can become the party again.

[Rola] Thank you for the interview.

Transcript of Urban's 20 Dec Press Conference

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[Transcript of press conference by Government Spokesman Jerzy Urban at the INTERPRESS Center in Warsaw on 20 December]

[Text] Government Spokesman Jerzy Urban met with Polish and foreign journalists for his weekly press conference on 20 December. Here is the transcript.

Urban: This is the last press conference, because most of you are going away. So am I. The 10th PZPR Central Committee Plenum is commencing shortly after lunchtime today. This is not a very opportune time for me to answer questions, because no doubt the plenum itself will provide answers to many of them. But here I am, in keeping with tradition.

I wish to tell you that a government directive concerning passports, inspired and signed by Premier Rakowski, will come into effect on 1 January. Generally speaking, it provides that passports may be kept at home, will be issued for periods between 2 and 10 years, and that the validity of a passport will depend on the bearer himself and on the thickness of his wallet. The passport fee, entitling the bearer to cross the Polish border as many times as he likes in a 2-year period, will be Z20,000, followed by an annual fee of Z10,000 for the duration of the passport's validity. Passports may be extended; or a passport valid for the maximum period of 10 years may be applied for directly. There will be reduced passport fees for people like students and ex-servicemen. In special cases, they will be free. All the details will be announced. I only wish to say this is a major psychological change. From now on, practically every Polish citizen will be able to keep his passport at home and board an aircraft or train and leave Poland as his heart desires, as long as there are no visa barriers.

We are entering the last week of the existence of the emergency government powers. The government is not applying for an extension of them, but wants to take advantage of them this week, before they expire. It is doing so in order to reach a decision concerning enterprises. Most of these decisions will involve transferring these enterprises over to the control of local authorities. However, many other decisions involve reorganization, that is to say divisions or mergers of enterprises. Several unprofitable enterprises will be closed.

The government has placed before the Sejm a package of 20 bills on the economy, intended to come into effect on 1 January. Some of them will be examined, and I hope the Sejm will pass at least a few of them before the year is out. Others will be passed in January. We know that right now the Sejm has enough work to do with passing the law on economic activity, which, let me remind you, provides for economic freedom, the freedom to undertake economic activity with practically no administrative permission required, and the equality of all economic sectors. This law is accompanied by several other laws, intended to guarantee its implementation. Another law is the law on foreign capital, which permits foreign currency transactions between people, in other words it lifts the previous ban on this activity. Furthermore, this law creates concessions for state bodies and even private persons to carry out foreign currency exchange, which is a death blow to the illegal activity in this sphere. Of course, these transactions will be based on free-market exchange rates.

However, from the point of view of the functioning of the economy, greater importance lies in this law's provisions that give enterprises access to foreign currency. Auctions conducted in foreign currency are foreseen on a much wider scale than before. These auctions will provide enterprises with the foreign currency they need for exports. Further in the future, this law should bring about an end to the double-currency nature of our economy. This means convertibility for the zloty, inside the country at least. Imports financed out of central resources will not disappear, but they will be limited to raw materials of particular importance like grain and crude oil. The government will retain a certain reserve of foreign currency in case it has to render financial assistance. This entire arrangement will permit a flow of foreign currency between various sectors, even if different types of ownership are involved.

A further change concerns the assets of state enterprises. The government wants to separate those assets formed by state budgetary contributions from the remainder of enterprise assets. The former assets will be made into control funds, and the latter assets into enterprise funds. From these control funds the state budget will reap dividends at a level fixed by the Polish National Bank. A lack of such dividends for the state budget will be a warning sign that production assets are being used badly, which could serve as a basis for liquidation.

Other bills that have been presented before the Sejm are a banking law and a Polish National Bank act. The Polish National Bank will be the chief bank. Commercial banks will be created, which will then be able to compete with each other. Enterprises will be able to choose freely in which bank to store their financial assets and from which bank to obtain credits. A law on shares is also being prepared. However, all these changes will have to be accompanied by changes to the labor code. What we want to achieve is a situation where money is easy to spend but hard to earn. Right now, the situation is completely the opposite.

Next year's prices and incomes policy will be geared toward a limitation of the supply of money. The growth rate in the supply of money should not exceed the growth rate of the national income in terms of current prices. This involves harsher conditions for credits. Banks will

offer interest rates on savings that will be no lower than price increases; in other words, interest rates that will compensate for inflation. Interest on savings and on loans will be adjusted. The government proposes a gradual restructuring of taxation, in order to ease the general tax burden on all sectors and create greater incentives for production and services. Payments by enterprises into the foreign debt servicing fund and the tax on supernumerary wages will be abolished.

Next year's government policy will concentrate on fighting inflation and balancing out the market. Another objective is to preserve the purchasing power of people's incomes. Next year we foresee price increases of not more than 20 percent, in other words less than this year. However, the prices of some products will change in relation to others. For example, fuel and energy will go up, in order to encourage economizing. At the same time, the rationing of coal and gasoline will end. Prices of some food items, which have been identical everywhere so far, will differ as a result of an end to the monopolies governing the food trade. The prices of goods of higher utility, inaccurately called luxury goods, will be more stable.

Next year's lower price increases in relation to this year do not permit a restriction of subsidies for production and services, which will have a negative effect on next year's budget. The rules governing wage funds will change. The government suggests a maximum universal indicator governing increases in wage funds, and any case of exceeding this indicator will cause an increase in income tax. This is not an ideal solution, but nevertheless an essential one, because a curb on price increases will also cause a curb on wage increases.

Until such time as a universal personal income tax is introduced, and this will take some time because of the economic imbalance and market instability, one must curb excessive wage rises that are not justified by production figures. Constant adjustments in relations between the wages of those in the production sphere and those in the budgetary sphere are proving unsuccessful. This year, these relations have deteriorated even further, in other words, those in the budgetary sphere, contrary to expectations, are in a worse position. But next year the government will aim to ease this disproportion, which, however, will have to be spread out over several years. The stiff limitations on the size of employment will be lifted, and workplaces will be able to manage their wage funds freely and have complete freedom to economize on work resources, in other words they will be able to increase wages as a result of such economizing, and so on.

Wage increases for those paid out of the state budget, for example, medical personnel and teachers, will be brought in line with wage increases for those in the material production sphere. Wage rises for those in medicine and education are planned next year, and their wage situation will be tangibly better.

I have already told you about equal taxation for all economic sectors. The Council of Ministers Economic Committee has also decided that state enterprises will be able to fix their working hours in accordance with workers' wishes, as long as output does not suffer. In other words, working hours will be suited to the needs of workers and local conditions. This will eliminate many inconveniences, make it easier to run errands, and permit extra work and cooperation between a man and his wife if both are working.

And now for some preliminary data on the economic situation. It is difficult to foretell the results for the whole year, but in some economic spheres one can gain quite an accurate picture of Poland's economic situation this year.

Market imbalance and inflation were the chief faults in the economy. Employment fell by 133,000. Industrial output this year rose by 5.5 percent, compared to the planned 3.7 to 4 percent. The greatest increase in production occurred in the electronics industry—over 10 percent. This conforms to industrial policy. Output in the light industry rose by 9.3 percent. Unfortunately, with all these increases, market sales only rose by 4.5 percent because of the strong 13 percent increase in exports.

Productivity rose by 7 percent, with a 1.6 percent drop in employment. That is a good result. Energy consumption fell by 7 percent, compared to a planned fall of 1.8 to 2.4 percent. The grain harvest was 6 percent less than in 1987, mainly because of the worse weather, worse crops, and lower quantity of mineral fertilizers. The fruit harvest was three times greater than last year, but the vegetable harvest was smaller.

The situation with animal feeding varied a lot, so it is difficult to describe. Procurement of butcher livestock was almost 1 percent less than in 1987, because of the 6.6 percent fall in beef procurement. Procurement of pork rose by 2.3 percent, and that of milk 2 percent. As far as the meat market is concerned, this year was generally the same as 1987.

In the construction industry, employment fell by 35,000, in other words 4 percent. Investment outlay rose by 7.3 percent, 2 percent above plan. There were fewer new projects, therefore old ones were completed energetically. The housing situation is still very bad. It is foreseen that between 3,000 and 5,000 fewer apartments have been built than called for in the plan. However, the average usable space of apartments has increased and construction time has been reduced by 2 months.

Subsidies for enterprises have risen, unfortunately.

The influx of money into the state budget was greater than planned. This, coupled with financial savings, means that 1988 will close with a budget deficit of Z52

billion, instead of the expected Z270 billion. Unfortunately, this is a temporary improvement, because next year the budget deficit will be much, much greater on account of subsidies to curb price increases.

Wages rose by 75 percent, 18 points more than prices. This is the main reason for market difficulties. What is happening in the shops today, and this is a major worry for all Poles, is caused by the fact that wages have risen more than prices and faster than production, plus the fact that inflation forces people to spend all their earned money quickly.

Average employment in the production sphere rose by 80 percent. In industry as a whole, it rose by 78-79 percent. Pensions rose by 61 percent.

Exports have been rising for 2 years already; therefore, this is a permanent trend. Imports from the capitalist countries rose by 17.5 percent. There was a R905 million trade surplus with the socialist countries. I repeat that all this data applies to the period from January to November. Despite the high level of imports, there was only a $1.83 billion trade surplus with the capitalist countries. This is less than planned. Poland's debts to the capitalist countries amount to $37.9 billion.

I have merely extracted some figures from the information the government has at its disposal. The deputy premier will read an extensive report on the economic situation in the Sejm this week, and in the first week of the new year he will answer your questions.

Finally, a different matter. I have had complaints from the so-called Polish Green Party, an organization that has registered itself and calls itself a party. I spoke about this "party" and its program last week, and the person who wrote me the letter of complaint claims that this program has nothing to do with the document produced by this organization that calls itself a party.

Therefore, I wish to explain that two organizations by the name of Polish Green Party have emerged at the same time. I read the program of one of them, signed by Witold Kopiczko. It then transpired that the other Polish Green Party is sensitive to this kind of information. I feel it necessary to explain this because I am suspected of giving false information.

Boguslaw Turek, AP: I have two questions. Could you comment on Lech Walesa's Civic Committee?

Urban: I think it is too early to do so, but I can say that if this body is to serve national accord and encourage it, then we welcome it. However, if it is just another of a multitude of opposition bodies that serve some internal purpose, as a kind of internal roundtable, then, just like the other bodies, it, too, will pass into oblivion.

Boguslaw Turek: My second question concerns this Green Party. Last week, you said that the Polish authorities consider the emergence of a party illegal. Could you indicate any piece of legislation that expressly forbids the formation of political parties in Poland?

Urban: The Constitution provides that only the parties contained therein are authorized to conduct activity. This topic is the subject of a legal dispute. However, I do not think the legal aspect is the most important thing here. Greater importance lies in the fact that we are proposing an expansion of political pluralism in the form of associations. Practice shows that this is the most appropriate form in the present stage of Poland's development. The Green Party that I discussed last week has adopted the planting of trees and bushes as its political program. Just because an organization ambitiously calls itself a party does not mean it has the ability to act like one. Let us leave the question of political development in Poland open. However, historical experience tells us that the presence of a multitude of political parties would not be good for Polish political pluralism. I refer in particular to the period before the war, when, following independence in 1918, a drastic increase in the number of parties led to a parliamentary crisis and Pilsudski's military putsch, a bloody putsch in which several hundred people died in Warsaw and which put an end to a multiparty democracy. Therefore, it seems more natural to have a system of associations, including ones with a political profile, that may influence the exercising of authority and shape political life in such a way that less ambitious political organizations may appear, merge, split up, and die as is usually the case at first. Later on, such organizations may evolve into a higher political life form. It is questions like these that we wish to discuss at the roundtable.

Dag Halvorsen, ARBEIDERBLADET of Norway. When is the Sejm expected to pass the new associations act? There seems to be some delay. People have said it will be passed before the new year, but now it looks as if it is going to be passed after it.

Urban: In fact, there is a delay caused by an onslaught of economic laws that are all interconnected. For example, the taxation law is connected with the bank law, and so on. The new economic system cannot function properly without an entire package of suitable laws. Quite simply, the Sejm's work capacity is limited. However, that is not the only reason. The bill on associations has been a subject of broad consultations, during which there were major differences of opinion. In other words, the delay was caused by democratic procedures. This week, the government's Sociopolitical Committee will assess these consultations and select those variants of the bill that it will recommend to the government. The government is trying to speed up this work as much as it can. However, the material is exceedingly complicated. It not only involves political aspects, but also complicated legal issues involving the economic activity of associations, as well as the question whether some existing associations

should be preserved or not. At stake are the interests of the forces behind these associations, who would not like to be reduced to the status of a local club. I think a minor delay is justified in these circumstances.

Wieslaw Geras, INTERPRESS: Could you describe the dispute between the Trade Union Federation of Health Employees and the Minister of Labor and Social Policy?

Urban: A wage accord has been reached, which may end the dispute. However, the trade unionists want to convey the results of these talks to the federation's National Council for approval. Their statutory authority has not accepted this accord yet. This is scheduled to take place today. If it does, one may expect a TV appearance by Minister Planeta-Malecka, who will give details of this accord.

Ricardo Estariol Seseras, LA VANGUARDIA of Spain: Another question about the associations. Is the delay not caused by the fact that the government disagrees with those who have suggested the possibility of appealing against a refusal to register an association and called for the elimination of the administrative procedure whereby any association on which no decision in favor of registration has been issued within a given time is automatically registered? Is the delay not the result of the authorities' disagreement with the church, which is the joint author of the bill? Second, you promised us that the bill would be passed this year. Can one say for sure that it will be passed before the Sejm elections? Associations need time to organize themselves.

Urban: I have not quite understood the message contained in your question. However, I can say that the government has not yet adopted a stance vis-a-vis various divergent views. It has yet to do so. Some of these differences in view are persistent, and the final decision rests with the Sejm. The associations have to be registered by a court, not by any administrative procedure. In that case, it seems to me that a major part of your question is irrelevant. The associations bill will not reach the Sejm this year. But this year ends in 10 days time. It is the government's intention to submit this bill to the Sejm as quickly as possible. But I cannot say when exactly.

Andrzej Namulocki, Polish Radio First Program: I have a question about a domestic issue. Really it is not a question, but a problem that emerged in a conversation with the chief executive of an urban-rural district, a man who is hard-working and efficient. During this conversation, there were fears that all the topics you have discussed today are taking a long time to get from the top levels of authority to the bottom. Various problems are emerging. Voivodship investment projects have been started, for which there are not going to be enough funds. There is meant to be communal ownership, but no one knows what it will look like in reality. It is difficult to establish field budgets for next year, because incomes for local budgets are not yet known. In other words, this is an entire set of problems which I think the government should help solve. What will be done to make decisions reach bottom-level authorities more quickly?

Urban: Most of all, one needs fewer directives and more information from the media about government and Sejm decisions. Second, frequent conferences with local authorities are required, in order to discuss and resolve problems. This is essential at a time when the entire economic system is changing. Of course the government will try to minimize these difficulties. I agree that the process of local bodies becoming self-managing is a painful process, and I realize that everyone is demanding government funds in order to complete projects that were often started by government decision. Here we really are faced with a transitional period where two systems function side by side and where the government possesses limited resources.

Malkowski [affiliation not given]: I have two questions. After everything that has happened this year, what do you think are the real prospects for the "roundtable?" And second, do you think this year will be a key year for Poland's development?

Urban: I think the prospects are not bad because we can already see an improvement in the climate surrounding domestic relations, and in some issues we even notice a convergence of views, even though each set of views is still at a certain distance from the rest. Of course, the assessment I have given is not a full one, because it only applies to a part of the opposition.

I have in front of me the text of a speech by Andrzej Gwiazda, given in Wroclaw on 13 December. Gwiazda has this to say about the authorities and the political camp: "No accord is possible with thugs, no accord is possible with thieves, no accord is possible with cheats, because such an accord would be a sin in itself. One can talk to the authorities only when they begin to atone for their sins in public." Therefore, the opposition also contains currents of thought that, among other things, accuse Walesa of betrayal. That is the kind of speech Andrzej Gwiazda has made. Another sign of this type of attitude was the throwing of stones at the militia by young people. Nevertheless, I think the prospects for a roundtable are improving, even though the matter is dragging on in time. I have already said that the roundtable requires new political stimuli, and that I expect today's Central Committee's plenum to provide them.

It is very difficult to summarize the new year. It was a year in which in the political and economic spheres, the door to bold new solutions opened. However, at the same time, it was not a good year from the point of view of the standard of living, because inflation increased, the difficulties of daily life multiplied, and it became increasingly problematic to run errands and obtain even the bare necessities of life. Therefore, it was a year of increased optimism and raised hopes, but also one of heavy burdens.

Christopher Bobinski, FINANCIAL TIMES: Last week, British TV showed a program about the graves that have been discovered near Augustow, in the light of statements by the families of those who were abducted and probably murdered. Do the authorities intend to return to this issue? Is there any work on setting up a commission to investigate Stalinist atrocities, just like the commission on Hitlerite atrocities?

Urban: The matter is being investigated at the local level by the Commission for Investigating Hitlerite Atrocities, which is based in Bialystok. As far as I know, the Red Cross is taking part. The prosecutor has presented his conclusion. However, investigations are still underway. I know neither this conclusion, nor the outcome of the investigations.

To answer your second question, the Stalinist era is and will remain a subject of special interest in Poland. Our intention and desire is that this topic is assessed objectively, and not in a biased way. There is a commission, which used to be headed by Professor Kubiak. This commission has said the things that could be said in those days. I do not think a special commission is needed in Poland, because this topic is already the subject of various investigations, conducted from various political angles. The results of these investigations are published freely in the press, and after a time in books as well.

Wieslaw Wesolowski: TRYBUNA ROBOTNICZA: What has happened to the state-social commission that was meant to discuss proportions between prices and wages, but which has still not made its stance known?

Urban: The future of this commission is in question, because the OPZZ and Central Union of Agricultural Circles and Cooperatives refused to take part in this commission, but insisted on being observers. If the main partners in negotiations refuse to negotiate but merely want to observe, there is nothing to observe, because who else can the government talk to? It would have to talk to lower-level bodies, that do not always possess the proper status and authority. In that case, the government will simply continue to persuade the trade union movement to take part, because it is this movement that insisted that prices and wages be settled through negotiations, saying that a lack of accord on these matters would be disadvantageous to working people's interests. The matter also involves the social contract which the trade unions suggested and the government gladly accepted. However, how can one conclude a social contract if it is impossible to discuss its basic features? In other words, everything is underneath a question mark, but I hope that next year it will be possible to reach an agreement as to the principles of future talks.

Deborah Seward, AP: My question refers to your information about the situation in construction and the fact that employment in construction has fallen by 35,000 and the number of completed buildings by 4 percent. Can you give me reasons why people are leaving those sectors which Premier Rakowski described as priorities in his first speech? Is there any plan to counteract this situation?

Urban: The situation is difficult. Construction, and I know what I say will cause objections, is a relatively highly-paid sphere compared to its results. If we compare construction figures and wage figures, we see that when it comes to wages, this industry is fairly privileged in relation to what it gives. The main reason, according to inaccurate assessments about the fall in employment, is the exodus of people to private construction, where wages are much higher. In a certain sense, this is understandable, because this is the kind of competition between sectors that our economic policy encourages. However, it does have its negative points. Those who can afford to build their own houses will obtain accommodation sooner than those who have to wait for an apartment. However, this is not a drain from a profession, it is a drain from one sector of the same profession to another. I do not have a broader analysis of this issue. I think that normal market principles will create the economic mechanisms necessary to stop the exodus of people from construction. The plan is to develop this economic sphere in general, starting from an increased production of building materials. That is the government's concept. Construction itself is merely the final stage of a production process that starts away from the construction site, in a place where these problems do not exist. That is why my information does not envisage the entire situation.

Zbigniew Satala, GAZETA KRAKOWSKA: From what you said in your introduction today, it seems that institutional barriers to the independence of enterprises will continue to exist, for example restrictions on wage increases. At a time of economic reform, why not give the enterprise manager the independence to conduct his work with a view to attaining profits and achieving the social objective?

Urban: We cannot, because inflation would rise. It would be possible if all prices were free-market prices. This solution does not possess society's approval, although it is economically logical. In that case, halfway solutions are being chosen. Enterprises will have restricted opportunities of increasing their wages, but will face no extra tax on wages paid out of profits. Such extra wages could take the form of bonuses, which may increase at will. Efficient workforces will be able to achieve very high bonuses.

Boguslaw Turek, AP: I have some doubts about the new passport regulations. We know that many Poles hold passports valid only for the socialist countries. Will these become invalid? During his Austrian visit, did Premier Rakowski warn the Austrian authorities about the new regulations? If he did, what was the reaction? Did they

say they would reintroduce visas? Apart from that, on what basis will Poles holding these passports be able to travel to the socialist countries?

Urban: Passports valid for the socialist countries will not lose their validity. For Z10,000, one can have them made valid for all the countries of the world. Austria has not announced a reintroduction of visas. What else did you ask? Oh yes, how Poles holding these passports will travel to the socialist countries. From the point of view of the Polish authorities, these passports are valid for every country. From the point of view of foreign authorities, these passports possess restricted validity. Whether the Americans issue someone a visa or not is the Americans' business. Whether or not one needs an invitation and how many forms one has to fill out depends on the rules of individual countries. I have no general reply. All we are doing is altering the rules about leaving Poland and the rules concerning the arrival of aliens in Poland.

Piotr Moczar, PAP: Because the new passports are so expensive, does the government not fear that people will complain to the civic ombudsman? In a sense, these high fees constitute a restriction on movement.

Urban: No. First, the civic ombudsman could say that anything costs too much, and is therefore a restriction on one's rights. One cannot resolve such issues in the sphere of civic rights. The principle of equality dominates passport policy. Apart from that, it is not true that an economic barrier is emerging. I do not have time to examine the entire document, but if one only wants to leave Poland once in a period of 2 years, the fee is lower. That means that if someone does not want to travel abroad all the time, but only wants to make one specific trip, to which he is entitled every 2 years, he will pay correspondingly less. Finally, there is an entire series of concessions. For travel necessitated by death and illness, passports will be issued free. Concessions apply to pensioners, people in social care homes, people receiving benefits, ex-servicemen, schoolchildren, and students. They also apply to people traveling abroad to undergo treatment or visit the graves of relatives. Various social and financial considerations will constitute grounds for these concessions. There will be no fee for crossing the border.

Pawel Dybicz, SZTANDAR MLODYCH: Could you comment on the remarks by Aleksander Paszynski whereby the authorities have only agreed to the idea of limited companies because their representatives can hold shares in them?

Urban: That is nonsense. First of all, there are no shareholders yet, and no general issue of shares. Second, I know of no case where a member of the authorities owns a share of a private enterprise, and I Imagine it would be inadmissible. All I know is that Aleksander Paszynski is joint owner of a private enterprise, and that none of the authorities are.

Gemma Aizpitare-Heriz, EFE: You said that the 10th plenum means new initiatives and impulses. Could you tell us more? In what direction are they heading?

Urban: I suggest you read the exhaustive theses published prior to the plenum. There you will find a preliminary answer to your question. I cannot say what is going to happen at the plenum.

Tim Eritet, REUTER: Last week, Lech Walesa said that the roundtable is nigh, and that all that remains to be done is to put a dot over the "i." Can you tell us when that will happen? During the plenum, perhaps?

Urban: I have no dot to place over any letter today.

Christopher Bobinski, FINANCIAL TIMES: The Economic Society of Greater Poland and the Union of Financial Cooperatives are still having problems with registration. They have also written to the premier. I wonder if he has reacted?

Urban: I do not know the details, but these problems involve each association's statute, in other words one has to reach an agreement with the registering body and adapt the statute to the rules in force.

[Source of question unidentified]: The initiatives we have discussed consist of nothing but texts that we have already read. Are there more of them?

Urban: Before the plenum, the press published various discussions connected with these theses, and presented various party initiatives connected with the theses. But I am not in a position to conduct a press review. I assume you have colleagues who read newspapers and can discuss what they say. I hope I have understood the question.

[Source of question unidentified]: If I have understood correctly, the question is in light of remarks about the status of political parties in Poland and in light of your answer to the question on associations [sentence as published]. Is the government preparing some kinds of mechanisms that will permit certain official treatment, to a predetermined extent, for registered associations?

Urban: Associations have broad possibilities for action, including political activity, if their statutory objective is a political one. An example is the PAX Association, which is difficult to distinguish from a political party because it possesses its own political platform, its own authorities whose structure is like the party's, its own Sejm deputies and people's councilors, and its own

representatives in the State Council. As a non-lawyer, non-specialist on affairs of state, and non-political scientist, it is difficult for me to to explain in what way the PAX Association differs from, say, the SD.

Tim Eritet, REUTER: Now that the United States has decided to commence talks with the PLO, what does the Polish Government think of the situation in this region? Does it support the idea of a general conference or bilateral contacts?

Urban: The Polish Government supports the idea of a general conference, although it believes that the talks between the Americans and the PLO represent major progress on the road to peace in the Middle East, and that these talks may also help and facilitate a general conference.

Boguslaw Turek, AP: Do you have the latest figures on the number of people who visited the socialist countries and the West this year?

Urban: I do not have this information. It would be best to give it to you after 1 January, when the figures for the entire year are known. Right now all I could give you are the figures for three-quarters of the year, and I do not have these figures. All I know is that the number of trips has risen drastically.

I wish you a happy new year. To these wishes, I can add the assurance that next year will not be a boring one for Poland, and that your professional work will not suffer. I wish you all the best in every sphere, health, money, and success.

'Arafat Holds Press Conference in Bucharest

AU2712103388 Bucharest LUMEA in Romanian No 52/22 Dec 88 pp 2, 3

[Unattributed report entitled: "I Extend Most Sincere Thanks to Comrade Nicolae Ceausescu for the Support Granted to the Palestinian People"—on the press conference given by Yasir 'Arafat, chairman of the PLO Executive Committee, on 16 December in Bucharest]

[Text] Referring, from the beginning, to his recent talks with Comrade Nicolae Ceausescu, RCP secretary general and president of the SR of Romania, and to the significance and content of these talks, Yasir 'Arafat, chairman of the PLO Executive Committee, stressed the following in a meeting with Romanian press representatives:

First of all, I would like to point out that my visit to this friendly country is taking place at a historic moment for the Palestinian people, after the recent decisions endorsed by the Palestinian National Council in Algiers, after the announcement of the proclamation of the Palestinian state, and after the Council's adoption of the known positive resolution; it is also taking place after the address I gave at the Geneva UN General Assembly session on the Palestinian problem and the subsequent developments that occurred in this matter, including the recent declaration by the American Administration referring to the establishment of a direct dialogue with the PLO. All these were the topics approached during my meeting with President Nicolae Ceausescu, which proceeded in a very warm atmosphere.

At the same time, we examined the situation in the occupied territories and the evolution of the revolt of the Palestinian people there. After I presented these problems, I listened to a number of opinions, suggestions, and advice from His Excellency. I would like to stress on this occasion, too, that His Excellency President Nicolae Ceausescu was the first statesman who emphasized—for the first time in the world—the necessity of calling an international peace conference for the settlement of the situation in the Middle East and of that region's problems, including the Palestinian issue.

The Palestinian people highly value this friendly stand, which has been and continues to be adopted by President Nicolae Ceausescu, Romania's leadership, and the whole Romanian people. Therefore, I believe that the meeting was very important both from a Palestinian point of view as well as from the point of view of the relations with Romania, and it opens up broad prospects for future actions for the settlement of the Palestinian situation.

Highlighting the constant support granted by Romania and President Nicolae Ceausescu for the Palestinian people's struggle to gain their legitimate rights, Comrade Yasir 'Arafat further said:

President Nicolae Ceausescu was also the first statesman who pointed out the necessity of establishing a Palestinian state, even in a historical context in which many statesmen and political leaders opposed such an idea. We see today that everybody speaks about the peace conference and about an independent Palestinian state.

At the recent UN General Assembly session in Geneva, the idea of calling a peace conference was sustained by 104 votes. This is one of the numerous examples that prove how wide the perspective of President Nicolae Ceausescu's action is, not only regarding Romania's development, but also on other international issues, including ways and means to solve the Middle East situation.

In the same order of ideas, I would like to stress the multitude of President Nicolae Ceausescu's demarches and efforts in support of the Palestinian people's struggle.

On my own behalf and on behalf of the Palestinian leadership and the whole Palestinian people, I extend my most sincere thanks and my complete gratitude to Comrade Nicolae Ceausescu for all the support he gives us and for everything he does for the Palestinian people's benefit.

Answering a question on the latest decisions of the Palestinian National Council, Comrade Yasir 'Arafat said:

As is well known, the Palestinian National Council decided to set up a provisional Palestinian Government. In this respect, the Central Council and the Executive Committee were authorized to take steps to set up this government and establish its perogatives and composition, which, in principle, will include figures from inside and outside the occupied territories. In the period preceding the formation of this government, its duties and perogatives will be exercised by the Executive Committee.

Asked about the prospects of future relations with other states in that region, including Israel, Comrade Yasir 'Arafat said:

This topic will undoubtedly be discussed at the international peace conference. The decisions which we adopted—the Palestinian leader said in this respect—deal with the need to continue our struggle, until the establishment of a just and lasting global peace in the region.

Asked to state his opinion on the current U.S. position regarding contacts with the PLO, Comrade Yasir 'Arafat answered:

This is a very important aspect, all the more so since it breaks through the wall imposed by the previous American administration's veto. At that time, the decision of rejecting and not participating in such a dialogue was imposed by Israeli interests, rather than U.S. interests, the Palestinian leader said. We are familiar with the

content of the administration's decision. As a matter of fact, the first official U.S.-Palestinian meeting took place in Tunis. We consider it as a very important step to give impetus to the efforts toward convening the international peace conference. However, a very difficult stage lies ahead of us and we should continue our efforts in this direction.

Referring to the way in which the proclamation of the Palestinian state was received by the people in the occupied territories, Comrade Yasir 'Arafat said:

I would like to emphasize that the revolt in the occupied territories is an integral part of the PLO activity. The mass organizations inside the territories and the forces that actually participate in the struggle belong to a unified leadership and all of them are part and parcel of the PLO; there is no doubt that the revolt will continue.

I want to reaffirm on this occasion, too, that the Palestinian people's uprising will continue, wave after wave, up to the elimination of the occupation and the establishment of a Palestinian state, which will fly the Palestinian flag.

At the end of his press conference, Comrade Yasir 'Arafat said:

I would like to reiterate our feelings of full consideration and respect for President Nicolae Ceausescu. I extend best wishes to the Romanian people, for whom the Palestinian people are nurturing sentiments of heartfelt respect and regard.

Answering our magazine's request, PLO Executive Committee Chairman Yasir 'Arafat said:

On my own behalf and on behalf of the Palestinian leadership and people, please extend to LUMEA readers all our sentiments of love, gratitude, and regard for all the friendly Romanian people, who have always sided with the Palestinian people's cause.

Once more, I would like to to express my feelings of particular esteem and regard for President Nicolae Ceausescu, a statesman who has always concerned himself with developing the Palestinian-Romanian relations and whom we consider our true friend.

Middle East Struggle for Liberation Supported

AU2712195888 Bucharest SCINTEIA in Romanian 21 Dec 88 p 6

[Dumitru Tinu article: "Romania—Consistently Militant for a Global, Lasting, and Just Solution to Middle East Problems"]

[Text] One of the main orientations of our party-state foreign policy—which has been consistently promoted since the Ninth RCP Congress and was reaffirmed in the April Theses and in Comrade Nicolae Ceausescu's recent speech—is the firm support granted to the struggle of peoples for national liberation and independent development. The unfolding of this irreversible process takes place in highly complicated circumstances, which increasingly require a political solution to existing conflicts, in accordance with the interests of all peoples for independence, peace, and security. This position has been consistently promoted by Socialist Romania and its correctness has been constantly confirmed by life.

As is known, a number of new and particularly significant developments have recently occurred with regard to the Palestinian problem and the Middle East problems, in general; these developments have caught the attention of the international public opinion. We are talking about the proclamation of the independent Palestinian state of Palestine, followed by a broad international recognition of the new state, by the Geneva UN General Assembly session on the Palestinian problem, and by the start of a political dialogue between the United States and the PLO in Tunis. This means that after a long period of tension and imobility, there are new prospects capable of opening up the road for a just, global, and lasting solution of the problems in that hard-tried region, including the fulfillment of the Palestinian people's legitimate strivings for free and independent development.

All these positive developments were welcomed by the Romanian people and our party-state leader with great satisfaction and full endorsement. Consistent with its principled position, Romania has recognized the new Palestinian state. Everybody is familiar with Comrade Nicolae Ceausescu's prominent role in the various actions and demarches to find a political solution to the problems in that region and with his long-standing support for the Palestinian people's cause, for the promotion of a constructive dialogue, and for the triumph of reason and lucidity, in accordance with the interests of the respective peoples and all mankind for peace and security.

In this respect, it is worth mentioning that, a long time ago, Comrade Nicolae Ceausescu tackled the issue of the creation of an independent Palestinian state in his talks with the PLO leadership. As far back as 1972, our party-state leader assessed the "Palestinian people's strivings and desire to become a nation, hence to also have their own statal organization" as legitimate and natural. Since then, the party secretary general and president of the Republic has often said—in various speeches, reports, and interviews as well as in talks with many heads of state and government and with leading representatives of political parties of various orientations—that without the establishment of an independent Palestinian state there can be no just and lasting peace in the Middle East.

At the same time, the Romanian president's political thinking has also shed its strong light on practical ways and means required for this purpose and on concrete actions capable of leading to the fulfillment of the goals of peace, namely the convening of an international

conference. In this respect, Comrade Nicolae Ceausescu said in a recent interview granted to LA REVUE DU LIBAN: "We believe that the latest developments prove that there is no alternative to a negotiated, political solution. In this context, we have always maintained that only an international conference, with the participation of all interested sides, including the PLO as sole representative of the Palestinian people, can lead to a just solution and a lasting peace capable of ensuring both the existence of an independent Palestinian state and the existence of independent Israel."

The Romanian president's demarches of great international echo are enjoying broad appreciation. In this respect, a profound significance devolves on the warm statements made a few days ago in Bucharest by PLO Executive Committee Chairman Yasir 'Arafat, during a press conference held on the occasion of his meeting with Comrade Nicolae Ceausescu: "President Nicolae Ceausescu was the first statesman who pointed out the necessity of establishing a Palestinian state, even in a historical context in which many statesmen and political leaders opposed such an idea." Yasir 'Arafat also said: "I would like to stress that President Nicolae Ceausescu was the first statesman who emphasized—for the first time in the world—the necessity of calling an international peace conference for the settlement of the situation in the Middle East and of that region's problems, including the Palestinian issue. On my own behalf and on behalf of the Palestinian leadership and the whole Palestinian people, I extend most sincere thanks and my complete gratitude to Comrade Nicolae Ceausescu for all the support he gives us and for everything he does for the Palestinian people's benefit."

It has to be emphasized that, as reported in newscasts, Romania's consistent stand in support of the legitimate rights of the Palestinian people, including their right to create their own state, as an intrinsic and imperative part of a global peace settlement in the Middle East was openly, clearly, and in a principled way affirmed during the talks held in Bucharest between President Nicolae Ceausescu and responsible figures from the State of Israel throughout the years.

The principled position of undeniable consistency constantly held by President Nicolae Ceausescu and Socialist Romania has been fully validated by the unfolding of events.

Thus the establishment of the independent Palestinian State—Palestine—has been confirmed with particular and great importance as an act that marked a historic event opening up a new and higher stage in the Palestinian people's struggle for achieving their legitimate aspiration for self-determination. Indeed, only 2 weeks after this event broad and comprehensive political processes started implying a new approach to the Palestinian people's problem and to Middle East problems in general. Of great importance in this respect is the fact that developments in the Middle East finally tend to become a matter of international law, namely the recognition of the need to solve problems in that area on the basis of UN Security Council Resolutions 242 and 338, which stipulate the creation of two states—the Arab Palestinian State and the State of Israel—and the recognition of their right to existence and free development under conditions of independence and security, as well as the recognition of the primate of the principles of the UN Charter over the anachronistic methods of the policy of force, which caused bloodshed in that part of the world over tens of years.

On the whole, these developments clearly demonstrate the role played by the PLO as a factor of particular importance for giving an impetus to the entire process of settling the Middle East situation. The very discussions devoted to the Palestinian problem during the current UN General Assembly session, debates that were transferred from New York to Geneva because the PLO delegation was not granted entry visas to the United States, have demonstrated the tremendous support, that cannot be ignored, granted by the international community to both the role of the PLO and to the need to put a halt to rigid and obstructionist practices, and to finally move to a political dialogue and to negotiations in form of a UN-sponsored conference.

In actual fact, through the proclamation of the independent Palestinian state—Palestine—new conditions have been created and there are favorable possibilities to convene an international conference that will bring about a global settlement of the complex Middle East problems, possibilities that should be capitalized on with the contribution of the world community. As mentioned above, this is the idea constantly held by Socialist Romania and by President Nicolae Ceausescu; according to our country's concept, such a conference should be attended by all countries concerned, including the independent Palestinian State and Israel, as well as by the permanent members of the Security Council.

Finally, we have to emphasize the reorientation obvious in the position of the United States through the beginning of a substantial political dialogue with the PLO, a step that has been hailed by broad circles of international public opinion as an act of realism, long since due, an act of clear significance for developing dialogue and convening an international peace conference in the Middle East. In point of fact, it is known that all international developments of late are more and more marked by the tendency toward negotiations and dialogue even between sides apparently holding irreconcilable positions. This tendency is clearly obvious—despite setbacks and sinuosities—in the most varied parts of the world: in the Gulf area or in Central America, in Southern Africa, Afghanistan or in South-West Asia.

The establishment of an atmosphere of peace and security in the Middle East, in this ancient cradle of civilization, is a vital requirement for the free and independent development of all peoples in that area. This is why our

people express the conviction that efforts will be made to move immediately to an overdue and peaceful settlement of the situation and that, by overcoming any preconceived ideas and taking responsible action in accordance with the imperatives of the new political thinking, reason will prevail and peace and calm will come to this area, thus creating conditions for promoting good-neighborliness in keeping with the basic interests of the peoples there and in keeping with the aspirations for understanding, detente, and the peaceful development of all nations.

Dascalescu Greets Israeli Premier Shamir

AU2512173088 Bucharest AGERPRES in English 1633 GMT 25 Dec 88

["Congratulatory Telegram"—AGERPRES headline]

[Text] Romanian Prime Minister Constantin Dascalescu sent a telegram to the premier of the State of Israel, Yitzhaq Shamir conveying him warm congratulations and the best wishes on his investiture to that office. The telegram expresses the belief that the ties between the two countries will develop continuously in the interest of the Romanian and Israeli peoples, of cooperation and peace worldwide.

Popescu Meets CPC's Hu Qili in Beijing

AU2612142188 Bucharest AGERPRES in English 1151 GMT 26 Dec 88

["Romanian - Chinese Messages Exchanged at Top Level"—AGERPRES headline]

[Text] Beijing AGERPRES, 26/12/1988--A warm message of salute was exchanged in Beijing between the general secretary of the Romanian Communist Party, president of Romania, Nicolae Ceausescu, Mrs. Elena Ceausescu and Zhao Zyiang, general secretary of the CC of the Chinese Communist Party, Deng Xiaoping, chairman of Central Military Commission of the CC of the CPC, Yang Shangkun, president of the People's Republic of China, Li Peng, premier of the State Council of the People's Republic of China, occasioned by the call on Hu Qili, member of the Standing Committee of the Political Bureau of the CC of the CPC, by Dumitru Popescu, member of the Executive Political Committee of the CC of the RCP, rector of the Academy of Social and Political Studies under the CC of the RCP.

During the interview, the mutual wish was expressed to intensify the collaboration and to strengthen the friendship and solidarity between the two parties, countries and peoples, in keeping with the understandings covenanted during the visit President Nicolae Ceausescu and Mrs. Elena Ceausescu have paid to the People's Republic of China this year.

Ceausescu Conveys Greetings to Honecker

LD2812161588 East Berlin ADN International Service in German 1403 GMT 28 Dec 88

[Text] Berlin (ADN)—Nicolae Ceausescu, secretary general of the RCP, has sent Erich Honecker, general secretary of the SED Central Committee, the following greetings on the 70th anniversary of the foundation of the DKP:

On behalf of the RCP, its Central Committee, as well as myself, I convey warmest greetings to you, to the SED Central Committee, to the communists and all the workers of the GDR on the occasion of the 70th anniversary of the foundation of the DKP.

The DKP proved itself at its foundation 7 decades ago as a representative of the aspiration of the whole German people for social progress and social justice by leading the struggle for the defense of the basic interests of the working class and of all democratic forces against fascism and for the victory of the noble goals of freedom and social progress.

Since the foundation of the GDR, the first German workers' and farmers' state, its industrious and talented people, under the leadership of the SED and as a continuation of the glorious traditions of the DKP, has achieved remarkable successes in the economic and social development of the country and in the construction of the socialist society.

We take this opportunity to call to mind with satisfaction the traditional relations of friendship and solidarity which exist between our parties in the joint struggle for the defense of the vital interests of the workers, for socialism, and for peace.

Once again we reaffirm our determination to support consistently the consolidation of the relations of close friendship and cooperation on diverse levels between the RCP and the SED for the well-being of and in the interests of our peoples, the cause of socialism and of peace, and in the spirit of the agreements reached at our meetings at the highest level.

We wish you, dear comrades, much success in the implementation of the decisions of the 11th Party Congress, in the establishment of the developed socialist society in your homeland as well as in the struggle for peace and international cooperation.

PZPR Delegation Visits, Meets Sirbu

AU2312191088 Bucharest AGERPRES in English 1858 GMT 23 Dec 88

[Text] Bucharest AGERPRES 23/12/1988—On December 19-23, 1988, a delegation of activists of the Polish United Workers' Party, headed by Andrzej Dobrucki,

deputy head of the section of economic and social policy of the CC of the PUWP, paid a swap-of-experience visit to Romania at the invitation of the CC of the RCP.

The members of the Polish delegation had talks at the CC of the RCP, the Arges County RCP Committee, the State Planning Committee, the Committee for the People's Councils Problems, visited industrial enterprises, house construction sites, as well as places of social and cultural interest in Bucharest and Arges County.

At the end of the visit, the members of the delegation of the PUWP activists were received by Ion Sirbu, secretary of the CC of the RCP.

Ungur, SFRY's Krekic Sign Trade Protocol

AU2312170888 Bucharest AGERPRES in English 1645 GMT 23 Dec 88

[Text] Bucharest AGERPRES 23/12/1988—On Friday, December 23, Ioan Ungur, Romanian minister of foreign trade and international economic cooperation, and Nenad Krekic, federal secretary for the foreign economic relations of the SFR of Yugoslavia, signed the protocol on the Romanian-Yugoslav commercial exchanges in 1989.

PEC Meeting Hears Report on Dizdarevic Visit

AU2812185288 Bucharest AGERPRES in English 1838 GMT 28 Dec 88

["For the Further Development of Romanian-Yugoslav Collaboration and Cooperation"—AGERPRES headline]

[Text] Bucharest, AGERPRES 28/12/1988—During its December 28 meeting, the Executive Political Committee of the CC of the RCP heard a report on the official visit of friendship Raif Dizdarevic, president of the Socialist Federal Republic of Yugoslavia, paid to Romania on December 22 and 23, 1988.

The Executive Political Committee showed that the visit was part of the traditional Romanian-Yugoslav summit dialogue, which has always played a deciding role in the continuous development and strengthening of the relations between the Romanian Communist Party and the League of Communists of Yugoslavia, between Romania and Yugoslavia, in the interests of the peoples of the two neighbouring socialist countries, of the cause of peace, understanding and collaboration in the Balkans, in Europe and the world over.

The fact was underscored that during the exchange of opinions conducted on the occasion the determination of Romania and of Yugoslavia had been reiterated to further expand their many-sided cooperation, on the basis of the principles of full equality of rights, respect for national independence and sovereignty, noninterference in domestic affairs and mutual advantage. Emphasis was placed on the importance of the conclusions reached on the need to work for the intensification and diversification of collaboration in the economic, technical and scientific fields, special attention being paid to industrial cooperation and specialization of production, to the growth of commercial exchanges.

The importance was underscored on the joint assessment made during the talks on the need for intensified efforts to achieve disarmament, nuclear disarmament in the first place, to turn the Balkans into a region of peace and cooperation, free of nuclear and chemical weapons and of foreign military bases, to establish a lasting climate of detente, security, confidence and broad cooperation among nations in Europe and in the world.

In consideration of the understandings reached during the visit, the Executive Political Committee requested the government, the ministries and the other central bodies take the necessary steps to further develop the Romanian-Yugoslav collaboration and cooperation.

BORBA: 'Mikulic's Government Must Fall'

AU2912103788 Belgrade BORBA in Serbo-Croatian 26 Dec 88 p 1

[Milan Rakas commentary: "The Workers Class Will Appear on the Scene"]

[Text] If the delegates of the SFRY Assembly do not replace the present federal government at their last session this year, the majority of Yugoslavs who are "in water up to their necks," will find this difficult to understand and explain.

Mikulic's government must fall for two basic reasons. The first reason lies in the fact that, as a team, it has failed to manifest any capability of implementing its own programs and creating the climate for a true beginning of the economic reform, together with other political factors in the country. The second reason is probably contained in the first one, but is nevertheless worth being pointed out separately. What is involved is the fact that neither Mikulic, who should have set an example, nor members of the government—individually and collectively—were ready and courageous enough to reveal to the Federal Assembly or to our public all those people in republican and provincial bureaucratic leaderships, including the executive councils of our federal units, who were persistently putting a wrench in the works of the economic reform due to particularist, narrow, and egotistical interests. Primarily owing to this and to such opportunism on the part of the Federal Government, the republican and provincial governments are still among its most prominent critics, without even mentioning how they themselves (do not) fulfill their constitutional obligations toward common interests at the federal level. Behind all the fuss they are making about the Federal Government, they hide their own practice of deforming the constitutional principles of our federation and turning them into a confederational relationship. Within this relationship, republican and provincial state bodies are constantly interfering with economic trends from the positions of "their own republic" and "their own province," and are doing so to the detriment of other parts of the country.

As relations were being so deformed, it was, for instance, perfectly possible for certain republican governments (the FEC has so far failed to say which ones) to stop the intervention imports of consumer goods after the well-known FEC May measures, thus defending the narrow interests of their national economies. In this case, the FEC warnings to the effect that intervention imports can curb the price increase and inflation were in vain. The entire confusion over the imports had to be stopped by the SFRY Presidency and its temporary measures. The public was still left without an answer to the question of which republican governments or other bodies opposed the imports of consumer goods.

The FEC still fails to provide a definite answer to the question of who prevented it from preparing all the announced laws of the system that intends to implement the beginning of the economic reform.

It is obvious that with such activity by the republican and provincial executive councils and the FEC as has been the case so far, now, just before the beginning of the announced economic reform, one can clearly discern neither this beginning nor the end of the ever deepening crisis, in which even the FEC representatives forecast inflation of over 300 percent. It seems that, for that very reason, the SFRY Assembly must start the economic reform by replacing the Federal Government and by initiating and opening up the necessary process of establishing the responsibility of republican and provincial governments which have so far failed to fulfill their obligations toward the common destiny and interests of the workers class, and toward all peoples and nationalities in the Federation. In the process of establishing this primarily political responsibility, much work will have to be done by party leaderships too, because these governments include some prominent LC members.

In connection with all this, one should recall the meetings of this summer and the events at them. Because of autonomism in Vojvodina and the long-lasting counterrevolution in Kosovo, "the people have appeared on the scene" in a large part of our country, as writer Vitezovic said at the meeting in Belgrade. If political-bureaucratic leaderships in all republics and provinces, as well as in the Federation, fail to start working immediately on the interests of the workers class through economic reform, it could happen that the workers class appears on the political scene in the whole of the country. The workers' strikes and rebellions that have occurred on a mass scale, although still insufficiently connected and organized, represent a clear warning that the patience of the workers class is at its end. For that very reason, because of the existential questions of the workers class, the Federal Assembly must announce the New Year by replacing the present Federal Government, and also by resolutely demanding the fall of republican political bureaucracies which have been defending the positions of national economies, contrary to the will and interests of the workers class and thereby often putting a wrench in the works of the reform.

Mikulic Speaks to Assembly Federal Chamber

LD2812174288 Belgrade TANJUG Domestic Service in Serbo-Croatian 1158 GMT 28 Dec 88

[Text] Belgrade, 28 Dec (TANJUG)—The Yugoslav program for Kosovo, which was adopted in December 1987 by the SFRY Assembly, is a good basis for activities that should create conditions for halting the emigration of Serbs and Montenegrins, for a speedier return of those who have left, and for the coming to Kosovo of all people who would wish to live and work there. FEC President Branko Mikulic said this today in Kosovo, as he informed the delegates of the SFRY Assembly Federal

Chamber of the activities undertaken in this province by the state organs. The information was submitted in line with the conclusion of the Federal Chamber, adopted on 25 November this year, and was also initiated by delegate Aleksandar Jovanovic.

Noting that the state organs in the Socialist Autonomous Province [SAP] of Kosovo have assumed the greatest responsibility for the implementation of this program, Branko Mikulic said: "Since the state organs in the SAP of Kosovo have been, as has been stated in numerous documents, partly overwhelmed by the wave of Albanian nationalism and separatism, differentiation in these organs is a prerequisite for their total involvement in carrying out the tasks set by the Yugoslav program. Some results have been achieved in this, particularly in some services and organs. Recently this differentation has been intensified and will continue.

Apart from this, the potential of these organs is limited by their lack of expertise and by inadequate organization. This is why improvements and changes are necessary in this respect", Mikulic said.

"The Yugoslav program bore in mind the constitutional position of the state organs in carrying out laws and other regulations. This means that the organs in the province are carrying out not only the provincial regulations, but also, as a rule, republican and federal ones, and that they are responsible for their implementation. The federal and republican organs can perform specific jobs directly only when this is laid down in the constitution. Therefore, responsibility for the situation in the legal system must be sought primarily among the organs in the SAP of Kosovo, in the organs of the SR of Serbia, and the federal organs in the framework of their constitutional rights and duties. Neither the authority nor the responsibility of the provincial organs have been suspended by the Yugoslav program. A significantly higher degree of involvement has been requested of them, while the republican and federal organs have obtained tasks commensurate with their constitutional position."

Having recalled that the Yugoslav program lays down specific tasks for the federal organs as well as for the organs in the SR of Serbia, in other republics, and in the SAP of Vojvodina, in the first instance in terms of providing specialist assistance, Mikulic said that 53 judges are working in the courts in the SAP of Kosovo who come from the judicial organs of the SR of Serbia and other republics, and from the SAP of Vojvodina.

Thirty-five trainees from the judicial organs of the SAP of Kosovo have been sent for specialist training to courts outside the territory of Kosovo. The election of three more judges is underway. The arrival for work of five deputy district public prosecutors is also being prepared.

Preparations for the provision of assistance in specialist cadres for work in the administrative organs in Kosovo have also been carried out (it turned out that there was a need for 121 workers in the administration). This action has been delayed.

"The implementation of constitutionality and legality was particularly analyzed," Mikulic continued. A special report has been put together on this, and it will be considered by the SR of Serbia. The effects of sentencing policy regarding political offences and offences relating to intranational relations in general have also been analyzed. The appropriate material on this will also be put before the SFRY Assembly.

The federal organs are directly carrying out some of the jobs in the competence of the state organs. This refers to specific work by the security service that, on the basis of a decision by the SFRY Presidency, is being performed by the Federal Secretariat for Internal Affairs in accordance with Article 8 of the law concerning the system of state security. Also in connection with this is the engagement of the combined militia detachment, which is carrying out specific tasks in ensuring public order. [transmission interrupted; TANJUG part 4 not received]

According to Branko Mikulic, the general nature of the protest gatherings requires a more fundamental analysis of the causes of this phenomenon. What is undoubtedly true and may be stated with certainty, he added, is that this is the result of the insufficient political involvement by subjective forces in explaining the essence of the upcoming constitutional and other changes in society, which could have caused some people of Albanian nationality to feel that they may be threatened. This was exploited by nationalists, separatists, and chauvinists among those of Albanian nationality to politically manipulate this section of the Albanian nationality, especially young people. Not only were necessary and correct activities of subjective factors lacking, but there are also signs that individual economic and political officials failed to oppose the erroneous and tendentious explanation of the essence and aims of the changes to the constitution of the SR of Serbia publicly, nor did they argue the case well. Bearing all this in mind, especially the aggressive activity of the nationalist and separatist-orientated members of the Albanian nationality, as well as the activity of individuals from positions of Serbian and other nationalities, one arrives at a complete picture of a very complex situation in the Province of Kosovo, the FEC president said.

Noting that all the knowledge gathered hitherto points to the conclusion that organized gatherings and hostile slogans will be voiced again, as well as the counterrevolutionary slogan used before: "Kosovo—a Republic", Mikulic said that an analysis of these events has established that the competent state organs failed to propose or undertake the necessary measures in a timely fashion to prevent these gatherings from taking place.

"The competent state organs," Mikulic went on, "those of the Province, the SR of Serbia and the Federation, are completing their search for the instigators and organizers of these gatherings. There have already been specific results from this research. Work on gathering evidence to establish the essential facts concerning the concrete activity of individuals and their intentions is under way so that, on the basis of this, responsibility may be established. It is certain that the November protest gatherings contributed to the further deterioration of the security situation in the SAP of Kosovo by once again whipping up nationalist passions and intensifying the nationalist divisions. These gatherings, and especially some crude provocations by a number of demonstrators, have strengthened the feeling of the insecurity of and threat to the population of Serbian amd Montenegrin nationality and members of other nationalities, as well as a significant part of the Albanian population."

This work will be brought to an end, Mikulic said. However, for an overall improvement of the security situation in Kosovo, measures only by the state organs have hitherto not been, nor can they be, sufficient; Nor can those that result in the sentencing of a large number of perpetrators of offenses and criminal acts... Hence it is vital that subjective forces, both in the Province and in the SR of Serbia and in Yugoslavia, totally create relations in the SAP of Kosovo that will eliminate the historical residue of distrust in relations between people because of their differing national affiliation. Unless these causes are removed, the emergency measures will have only an illusory and temporary effect, the FEC president said.

"During my visit to the SAP of Kosovo in September this year, I said—and I will repeat this again now—we must fight in Kosovo for the creation of common institutions in which the people of all nationalities living in the province will gather, meet socially, and fraternize. In the first instance, work collectives in material production, and also common children's creches, kindergartens, schools, cultural, educational, and folk clubs, sports associations and clubs, should contribute toward this. In this way, national isolation, separatism, and special ghettos will be smashed. There must also be persistence in removing all traces of distrust and intolerance, something which exists even among leading political cadres.

The precondition for success in achieving this goal is more intensive and effective work in carrying out numerous other tasks in the Yugoslav program, in particular in that section relating to the creation of more favorable conditions for a more rapid socio-economic development of Kosovo.

The implementation of these tasks requires that state organs undertake all measures to prevent any form of violence affecting people and their property, and that in all towns and settlements people have their peace and freedom restored and guaranteed. Our organs must, as is done by state organs in all civilized and democratic states, resolutely take measures against all perpetrators of violence against people and their democratic freedom. Unless we ensure this, these and all other achievements of our socialist revolution will be brought into question; we should not permit this.

Measures have been taken for the federal organs to conscientiously, responsibly, and yet more effectively carry out their share of obligations and duties that they are carrying out directly in accordance with the constitution and the law and those involving the offering of assistance—both specialist and any other kind of assistance—and thus make a contribution to stabilizing the political and social conditions in the SAP of Kosovo. The measures taken hitherto by the federal organs provide a basis for the conclusion that they have been beneficial and that there should be a continuation of this practice, albeit intensified in an enhanced way, until the complete normalization of the political and security situation in the SAP of Kosovo is achieved", FEC President Branko Mikulic concluded in his report to delegates of the SFRY Assembly's Federal Chamber.

Federal Chamber Session Discusses Agenda

LD2812225688 Belgrade TANJUG Domestic Service in Serbo-Croatian 1434 GMT 28 Dec 88

[Excerpts] Belgrade, 28 Dec (TANJUG)—[Passage omitted] In the debate [in the Federal Chamber session today] the delegates repeated the familiar views about the situation in Kosovo. The key problem, it was said, continues to be the intensified emigration of Serbs and Montenegrins, the work of the state institutions in the province, of all institutions of the system, was described as inefficient. Attention was also drawn to the lack of unanimity in the country over the views of not just the situation in Kosovo but also of the ways for resolving it.

Before concentrating on the main topic of the session of the delegates spent more than 1 hour discussing the agenda for the 3-day session of the Federal Chamber. It was agreed that the discussion and adoption of a number of systemic laws of importance for the economic reform should be postponed until January. These include the law on the accountancy service, on financial transactions, and on banks. The Federal Chamber also postponed until its next session the discussion of a proposal to adopt a law on limiting temporarily the spending by sociopolitical communities and self-managing communities of interests next year. [passage omitted]

The following members of the council of the Federation are due to be reelected: Vera Aceva; Anka Berus; Antun Biber; Ivan Bozicevic; Petar Brajovic; Savo Brkovic; Dr Dusan Calic; Dr Edhem Camo; Ugljesa Danilovic; Dr Oskar Danon; Oskar Davico; Radivoje-Kepa Davidovic; Ilija Dosen; Blazo Djuricic; Dr Pavle Gregoric; Slavko Janevski; Vlado Janic-Capo; Jovo Kapicic; Blaze Koneski; Veljko Kovacevic; Mihajlo Lalic; Voja Lekovic; Ivan Macek; Moma Markovic; Veljko Milatovic; Andrija Mugosa; Dragoslav Mutapovic; Mara Naceva;

Radisav-Raja Nedeljkovic; Vojin Nikolic; Stane Potocar; Ivan Rukavina; Dr Pavle Savic; Velimir Stojnic; Vlado Segrt; Lidija Sentjurc; Borko Temelkovski; Mijalko Todorovic; and Svetozar Vukmanovic.

The delegates also passed a decision to postpone until the next session the discussion of Oskar Kovac's resignation of the post of FEC member. A proposal not to discuss Kovac's resignation was submitted by FEC President Branko Mikulic, who explained that if the resignation were to be adopted today that would jeopardize the completion of a number of significant tasks on which Kovac is working. These tasks, which include cooperation with the EC, EFTA and the OECD, cannot be left outstanding and wait for someone to be appointed to replace Kovac, Mikulic said. [passage omitted]

The Federal Chamber also decided to remove from the session's agenda a debate on a proposal to adopt a law temporarily limiting expenditure of sociopolitical communities and self-managing communities of interests next year. The FEC proposed that the law be adopted in an emergency procedure. The delegates shared the view of Boris Lipuzic, who on behalf of the trades union council said that the law should not be adopted in view of the difficult situation in the social sector. He also drew attention to a slowdown in the rate of increase in the expenditure of the self-managing communities of interests for education, culture and health service as compared with the increase in the social product.

Speaking in favor of the FEC's proposal, Branko Mikulic and Milos Milosavljevic, president and vice president of the FEC respectively, reminded the delegates of Yugoslavia's obligations under the arrangements with the IMF and its creditors. One of the criteria for adhering to the arrangements is limiting public expenditure.

I warn the delegates of the possible consequences. I cannot see how we can meet our obligations and maintain spending within desired bounds if 7,000-8,000 subjects are allowed to make independent decisions on contributions, Mikulic said. [passage omitted]

It has been more than 1 month since the protest demonstrations by citizens of Albanian nationality in Kosovo, but we are still only examing them, searching for causes, although their organizers are known to us, said Aleksandar Jovanovic, the first speaker in the debate on the situation in Kosovo. He asked why we are trying to avoid the issue and expressed his disagreement with parts of Branko Mikulic's speech on Kosovo. He remarked that soon after the latest events in Kosovo the Assembly delegates were informed by the federal secretary for internal affairs that the organizers were Albanian nationalists and separatists.

This was followed by an explanation by the state security service, who said that they were not in a position to investigate all the circumstances. Finally, Kosovo security organs informed us that they had been "taken by surprise." This indicates that there has been no attempt at efficient coordination, Jovanovic said. [passage omitted]

Ljubisa Savic could not accept Branko Mikulic's "conciliatory speech." He questioned the statement that "there have been fewer of the crudest attacks on the personal security and property of Serbs and Montenegrins." To counter the statement, Savic provided relevant figures and asked: Does this mean there has been inadequate coordination among the FEC's relevant organs? Are we about to be presented with a new compromise policy on Kosovo? Can Branko Mikulic's speech be interpreted as accepting the status quo? He proposed that the Federal Chamber put the introductory speech to a vote. [passage omitted]

Miomir Vukadinovic warned that there had been enough discussions and conclusions on Kosovo. Despite a great number of documents the situation has, in fact, worsened. The main reason, in his view lies in the fact that the seriousness of the situation in Kosovo has not yet been comprehended. Centers of hostile activities are not concentrated in illegal groups alone, but they are to be found in the legal organs of authority and political bodies. This was shown by the latest demonstrations and demands not to replace Kosovo politicians. Vukadinovic emphasized the responsibility of the SFRY Assembly, in particular, for the situation in Kosovo and also of the FEC and the SFRY Presidency for whose resignation, in his view, conditions are ripe. [passage omitted]

Huseyn Hodzic then proposed that the SFRY Assembly should charge the FEC with the task of providing, within 3 months, conditions necessary for the efficient functioning of the legal institutions in Kosovo and to replace all those who pose obstacles to positive tendencies. He also proposed a vote of no confidence in the Yugoslav state security service and requested that, until a new body is constituted, its duties be taken over by the relevant services of the Yugoslav People's Army. Hodzic also emphasized the accountabiltiy of the president of the SFRY Assembly. Bogdan Sunderic asked the SFRY Assembly what should be done in the future and in what way the situation in Kosovo could be stabilized. He also called on the Internal Affairs Secretariat to admit to not knowing who the enemies are and where they may be found. He said: We will look for people who know the answer to these questions. [passage omitted]

Jusuf Keljmendi called for a more objective examination of the situation in Kosovo where, as he put it, something has been done. Keljmendi said that he accepted Branko Mikulic's introductory speech as it was based on the standpoints and views advocated by all social subjects, from the federation to Kosovo. In advocating a more objective approach he said that the process of emigration from Kosovo had been going on since 1945 and that all post-war top officials from Kosovo of Serbian and Montenegrin nationality no longer lived in Kosovo. To illustrate the complex nature of the problem he pointed out

that over 50,000 Muslims, largely from Montenegro, had settled in Kosovo. No one has mentioned this fact, Keljmendi said. He also stressed that in Kosovo they were not aware of some of the facts presented today. [passage omitted]

At the end of the debate FEC President Branko Mikulic asked to speak and to explain those of his standpoints criticized during the debate. In my introductory speech I proceeded from the assessments by the SFRY Presidency, the LCY CC Presidium, and relevant organs, Mikulic said. I spoke about the work of state organs; the work of subjective socialist forces is a different matter. When I said that recently there had been fewer of the crudest attacks on Serbs and Montenegrins, I had in mind the period since the arrival of the unit of the internal affairs secretariat. [transmission interrupted, TANJUG part 10 not received]

This evening the Federal Chamber appointed Rajko Nisevic judge of the Federal Court. Rajko Nisevic is a member of the Montenegro Executive Council and the republic's secretary for justice and adminstration.

Tomorrow the Federal Chamber delegates are expected to consider and adopt, in an emergency procedure, two laws of key importance for reform of the economic system: the law on enterprises and the law on social planning. In addition, according to Federal Chamber President Stjepan Novakovic the proposed law on next year's federal budget will also be under discussion. If the chamber fails to adopt it, Novakovic indicated the possibility of temporary measures to finance the federation.

Delegate Queries in Federal Chamber Cited

LD2812223988 Belgrade TANJUG Domestic Service in Serbo-Croatian 1106 GMT 28 Dec 88

[Excerpts] Belgrade, 28 Dec (TANJUG)—Since 1941 a total of 15,000 persons from the PSR of Albania have escaped to or settled in Yugoslavia. Of this number, there are 12,000 in our country; about 3,000 of them have left for the West. This is stated in the FEC reply to questions from delegates Zivko Vasilevski and Milisav Milenkovic, prepared for today's session of the SFRY Assembly's Federal Chamber.

Of the total number of Albanian emigrants, 478 Albanians and 300 of their family members reside in the SFRY under the status of refugees.

The vast majority of the Albanian refugees have abided by the regulations in force during this period and on the whole held a loyal attitude toward our country. The reply states, however, that a number of these persons, stimulated by the hostile, nationalist activity of the internal enemy and by the influence of hostile Albanian emigration abroad, engaged in various forms of hostile activity toward the end of the sixties, and in particular immediately prior to and during the counterrevolutionary events in Kosovo. After this period, 18 criminal charges were brought against Albanian refugees in Kosovo on the suspicion that they had carried out criminal acts against the bases of our social order. At the same time, 34 were given sentences in a magistrate's court for hostile statements or behavior in public.

In the 1945-1988 period, 360 Albanian refugees were returned to the PSR of Albania because they failed to fulfill the conditions laid down for recognition of refugee status. In the same period, the state security service (?applied) specific measures against 430 Albanian refugees against whom there was evidence of engagement in hostile activity.

In employing the refugees, the FEC reply says, a series of irregularities were found. In 156 cases, these persons obtained employment without approval from the competent organs. Thus in the territory of the Socialist Autonomous province (SAP) of Kosovo, refugees are inter alia employed as guards of hydro-electric power stations and forests, and five of them are teachers, three are secondary school teachers, two are working at the university, nine are nurses and technicians, and one person is head of the pharmacy in the Pristina Health Center.

It is not within the remit of the FEC or of any other institution at the level of the federation to gather data on the departure of specialists from Yugoslavia to foreign countries. According to the 1981 population census, about 11,000 citizens with higher education levels had left the country. Their number then, and especially today, was and is significantly larger, says the FEC reply to the question from delegate Stanimirka Videnovic about the outflow of cadres from Yugoslavia.

To back up this claim, statistics were cited showing that in the 1964-1984 period alone, 14,200 specialists left our country for the United States. According to the available data, they were mostly doctors, especially surgeons, dentists, engineers, scientists, and research workers of all kinds, leaving to work abroad. [passage omitted]

In the 1978-1987 period, 6,310 persons were accused of the criminal act of theft in Yugoslavia and 5,199 of them were sentenced. In this period, 27,937 persons were accused of embezzlement and about 17,000 of these were sentenced. This is stated in the FEC reply to a question from delegate Vucina Jovanovic about the number of these criminal acts and the material consequences for society.

The FEC, it says in the reply, has no figures on the number of work organizations that have been damaged in this way nor on the damages resulting from these criminal acts.

The Federal Secretariat for Foreign Affairs did not seek a correction of the release from the North Korean News Agency that inappropriately interpreted the statement by the Yugoslav Ambassador Miodrag Bogicevic on the

future of relations between Yugoslavia and the (?Republic of Korea) because the practice is to refute misinformation coming only from official state organs. This is the essence of the reply by the Federal Secretariat for Foreign Affairs given to the supplementary question by delegate Janez Lukac on altering the statement by our ambassador.

In view of the fact that the Yugoslav information media, the reply says, carried the full text of the explanation of this incident, which actually represents a refutation of the misinformation of the North Korean agency, it was decided in the Federal Secretariat for Foreign Affairs that additional intervention was not essential. [Passage omitted]

Bogdan Sunderic asked Dobroslav Culafic, federal secretary for internal affairs, how he can explain the fact that in the period in which he has been in the post of secretary (he is in his second term) not one separatist from the broad circle of ideological leaders of the counterrevolution in Kosovo has been charged with criminal irresponsibility. Stressing that he is putting the question on behalf of the delegate base, mainly veterans from Kosovo who live in Belgrade, Sunderic wondered why it is that the Yugoslav public has not been informed for a full 18 months now about the fact that criminal charges against Fadilj Hodza and others in this separatist group have been submitted by more than 1,000 participants of the National Liberation War.

He also asked the federal secretary for internal affairs "whether it is true that it is being said publicly that his own brother, who works in the federal secretariat for internal affairs, is being charged with serious criminal acts, and that all this is being rejected without a procedure being conducted and without the presentation of arguments." [passage omitted

Balzenka Knjaz asked the FEC whether the inflation was originally structurally established and if so, if the level of participation in inflation is being monitored from municipalities to the federation. She wanted to know to what extent restrictions on consumption, especially in strategic social affairs, take the strain off the economy and how this affected the reduction of inflation, which amounted to 228.5 in the 11 months of this year. [passage omitted]

Interim Finance Law Passed Until Budget Agreed

LD2812171188 Belgrade TANJUG Domestic Service in Serbo-Croatian 1322 GMT 28 Dec 88

[Text] Belgrade, 28 Dec (TANJUG)—Since delegates in the Chamber of Republics and Provinces Committee for Finance failed again today to agree on the proposed federal budget for next year, Federal Executive Council member Franciska Cetkovic announced that a law on interim financing of the Federation has been passed.

This outcome accords with the explicit stance of the delegation from the Croatian Assembly, who maintained that overall budgetary expenditures for the Federation must be reduced to accord with the limits of the economy's realistic potential, with no additional burdens. In addition to this, the other delegates proposed the adoption of all other financial planning documents and balances as a condition for passing the budget. In practical terms, all the delegations demanded a reduction in the budget.

It was agreed that coordination should continue at the beginning of next year. Until the delegates reach agreement, the interim measures will be in force.

Amnesty for 'Verbal Offenses' Praised

LD2812152088 Belgrade TANJUG in English 1409 GMT 28 Dec 88

[Text] Belgrade, Dec 28 (TANJUG)—Yesterday's decision of the Yugoslav State Presidency to amnesty all persons sentenced for verbal offenses is undoubtedly among the most important contributions to democratization, which marked 1988 in Yugoslavia. The decision also heralds the abolition of Article 133 of the Yugoslav Penal Code.

The question why Article 133, hanging like Damocles' Sword over free thought, has remained in force for so long touches on the absurd aspects of domestic political life.

The provision on "malicious or untruthful presentation of socio-political conditions in the country," as the so-called verbal offense is formulated in Article 133, brought many people who think differently under the impact of criminal charges. The majority of the Yugoslav public warned, however, that the presence of Article 133 in the Penal Code was below civilizational and cultural standards.

The public also warned that there was no legal, sociological or historical justification for such a provision, and that the article's abolition was in the interest of the social order.

Lawyers argue that the ambiguity of Article 133 was not unintentional. Because of the ambiguity, any act or opinion could at some point be censured as hostile, and for this reason the way the act is described (hostile propaganda) is deliberate: to make the punishment of different thinking legitimate, it has to be termed "hostile."

Several thousand Yugoslavs have been punished so far for offenses under Article 133, it was stated at a round table on verbal offenses last year.

The decision of the Yugoslav State Presidency on the release from prison of 27 people, sentenced for "hostile propaganda," is being viewed as a step forward in

democratization. When the 27 are released, there will be no more prisoners in Yugoslavia serving sentences for verbal offenses. This is also a victory for the human rights movement, which recently gained official status with the founding of the Forum for Human Rights attached to the socialist Alliance of the Working People of Yugoslavia.

Article 133 has still not been removed from the Penal Code, and as long as it is there, someone could be charged under it. The next move rests with the legislative bodies, and it is to be hoped that the procedure to abolish this unpopular article will avoid all the traps and labyrinths of lengthy deliberation and decision-making.

Assembly Rejects Reelection of Council Members

LD2812135788 Belgrade TANJUG Domestic Service in Serbo-Croatian 1002 GMT 28 Dec 88

[Text] Belgrade, 28 Dec (TANJUG)—The Federal Chamber of the Yugoslav Assembly today did not accept the proposal of the SFRY Presidency that 39 members of the Council of the Federation be reelected to that body. This decision was reached at the proposal of delegate Zarija Martinovic, who said that it is time to begin the procedure to end the work of that body in accordance with the constitutional amendments, which call for the abolition of the Council of the Federation by 1 January 1991.

Only two delegates in the Federal Chamber of the Yugoslav Assembly voted for the proposal of the SFRY Presidency.

FEC Member Kovac Submits Resignation

AU2312145388 Belgrade Domestic Service in Serbo-Croatian 1300 GMT 23 Dec 88

[Text] Belgrade—Prof Oskar Kovac has sent SFRY Assembly President Dusan Popovski a written resignation from the FEC. In his resignation, Kovac says that he regrets this action, but is doing it from his personal conviction that some FEC stances regarding the document on the elements for improving the policy of interest rates and some articles of the draft law on accounting open the road to abandoning the policy of positive interest rates.

The delegates of the SFRY Assembly Federal Chamber will decide on Oskar Kovac's resignation request at the session planned for 28, 29, and 30 December.

LCY Presidium Discusses Congress Resolutions

AU2712191788 Belgrade Domestic Service in Serbo-Croatian 1800 GMT 27 Dec 88

[Text] The LCY Central Committee Presidium discussed the implementation of the 13th LCY Congress resolutions, international cooperation, and Yugoslavia's foreign policy.

The Presidium also discussed the preparations of the topics which will be on the agenda of the forthcoming LCY Central Committee sessions. This refers to the ideological-theoretical work and ideopolitical edification of the LC, as well as to the ideopolitical questions concerning the realization of the anti-inflation policy next year.

At the future session of the highest forum of the Yugoslav Communists, discussions will be held on the activities of the LC in carrying out the conclusions of the 9th, 16th, and 17th LCY Central Committee sessions and the Yugoslav program for Kosovo.

At one of the next LCY Central Committee sessions, the commission preparing the concept of the LCY transformation will present a document on this topic. After its adoption, this document will be made available for a general party discussion within the framework of the preparations for the 14th LCY Congress.

LC Stands Viewed With Scepticism

AU2212103988 Belgrade POLITIKA in Serbo-Croatian 18 Dec 88 p 7

[Zvonko Logar commentary: "With a Grain of Salt"]

[Text] In the last few months, the ideas that have been preoccupying Yugoslav society for years have again appeared on our ideological market. This is why there was great interest in how the Central Committee would respond to them at the 19th session, which was held last week. In contrast to some speeches that were not up to the demands of the present time, the speech by Stefan Korosec, secretary of the LCY Central Committee Presidium, and particularly the adopted stands, which—why should this not be stated too—followed many of his thoughts, represent a fairly complete view of the methods and aims of the economic and social reforms that have been announced.

Of course, this is the first impression. More subtle analyses will establish the real scale, value, and scope of the document that was offered to the political and broadest public. In all this, it is certainly much more important how the stands of the Central Committee will fare in real life, considering our habits and great possibilities for political obstructions.

Searching in this document for impartial statements or for the remains of some illusions would, in view of the ideas that have been so complexly presented, seem like petty formalism and hair splitting. The evolution of the stands is in fact impressive. It is not difficult to recall the time during the last decade when one could have earned the label of being an undesirable ideological heretic for saying many things for which the Central Committee is now striving. It is only sufficient to recall a debate at the Presidium session of the very same Central Committee that took place 1 or 2 years ago, when clear negative ideological precursors were placed before many ideas

that are now readily accepted, such as entrepreneurialship and stockholding in our economy, and when doubts were expressed on whether they are relevant in our socialist self-managing society at all. However, the latest LCY Central Committee's stands openly plead for many things that were greatly doubted until recently, ranging from freeing entrepreneurial initiatives, recognizing not only the market for goods but also for capital and labor, to the need for the LC to free itself from monopolizing both political and economic life.

It could be said that for the first time, an LC document even equates the previously discovered pluralism of self-managing interests with self-managing political pluralism. The idea is not fully explained, but at least the reality that different material interests inevitably lead to different political views has been accepted. One could also rightly expect that this reality will be considered when formulating other changes in the political system. Time will show whether this will be done by cutting the umbilical cord that, like a transmission belt, presently links the Socialist Alliance and the Trade Unions with the LC, or in some other way. Leaving this aside for the time being, it is of great importance that the forthcoming reforms envisage political democratization, and that numerous formulations indicate that without this democratization other changes do not have a serious chance.

Despite the fact that the Central Committee rejects the remarks that the reforms are intended to take us back to a bourgeois society, it is recommending without hesitation the mechanisms and solutions of modern capitalism adapted to our conditions. What is encouraging is the basic approach that nothing must be foreign to us that can help us not only to find our way to economic prosperity, but also to catch up with civilized trends in the world. How far this is from the days when many of our political leaders frowned at the methods of modern organization of the economy, when they scorned them and confronted them with self-managing idolatry, and almost openly offered the theses that socialism of the poor is better than accepting foreign methods! In fact, this puritan doctrine has contributed greatly to the devaluation of the self-managing model of society in the world, it has tied its hands and deprived it of entrepreneurialship and its initiative in the market—in other words, of what has always been the condition for self-management to confirm itself as a successful historical alternative. Without a market, self-management as a model of a mass initiative looks like a fish out of water!

We would like to believe that this ideological mark has definitively been overstepped and that there is no longer any point in academic discussions on the difference between the market in capitalism and the market in socialism. A market is a market, regardless of the social system. It does not always guarantee the greatest justice, but it offers objective parameters for reliable business initiatives and—and this must not be an unimportant fact to us—checks bureaucratization, which has been growing for years thanks to the state's incorrect role and political phenomenon [politicki fenomen] and their unrestrained inspiration to arbitrate everything in the economy.

Regarding the role of the state, the Central Committee bowed to a modern formula: It demands fundamental deregualtion, which should clear the way for business creativity in the economy. It also demands a new definition of the state's duties in those domains where the state is necessary, namely, in creating equal general conditions for all economic entities through the credit-monetary and taxation policies, which have been cleverly worked out. For instance, some vital instruments of economic policy have begun to adjust themselves according to the market, and this is reflected in the idea that interest rates should be formed according to the demand for and supply of money, without today's influence of the state.

The Central Committee's document also has a political radius because it has pinpointed the present stage of Yugoslavia's reforms. It openly criticizes the "Basis of the Economic System Reforms" for not fully formulating certain premises and for not providing a sufficient basis for the successful operation of the laws and regulations. The Central Committee demands that further work be done on the provisions concerning ownership and on defining the role of enterprises and the state in new conditions, and that a search continues for better models of distributing income and earnings, for sharing income on the basis of capital invested, for a taxation and contributions system, for stimulating the development of insufficiently developed parts of the country, and for social activities. The document also draws attention to the crucial importance of social programs on which the economic reforms depend. However, inflation is referred to with the greatest sharpness.

To judge by this document, the Yugoslav communist movement has opted without reservation for new views concerning the development of the economy, the state, and society in general. However, in evaluating the scope of the Central Committee's stands one needs to be somewhat cautious. Do we still remember what happened to the Long Term Economic Stabilization Program? There is also a lesson to be learned from the fate of the stands of the recent 9th, 16th, and 17th LCY Central Committee sessions.

Although the public is full of new visions of socialist self-managing society at the end of the 20th century, one must not lose sight of the fact that there are still many people with dogmatic views, let alone retrograde tendencies for dividing Yugoslav economic, political, and even ideological spheres according to the interests of our republican and provincial bureaucrats. For all these reasons, it would now be wise to take everything announced in the LCY Central Committee's latest document with a grain of salt.

Presidency Reduces Army Districts to Four

LD2812171888 Belgrade TANJUG in English 1538 GMT 28 Dec 88

[Text] Belgrade, Dec 28 (TANJUG)—Yugoslavia will have four army districts, instead of eight, as of January 1, 1989, as the Yugoslav State Presidency announced today.

The four army district centres will be in Belgrade, Zagreb, Skopje and Split.

The decision to merge army districts is in keeping with the reduction of the Yugoslav Armed Forces and it is to contribute to a more rational and efficacious management and command and a modernization of the Yugoslav People's Army, as the Presidency pointed out.

Dizdarevic Sends Army Day Message

LD2112190488 Belgrade TANJUG Domestic Service in Serbo-Croatian 0919 GMT 21 Dec 88

[Text] Belgrade, 21 Dec (TANJUG): Raif Dizdarevic, president of the SFRY Presidency, has sent a message to the members of our armed forces on the occasion of Yugoslav People's Army Day. Congratulating them on their holiday, the president of the SFRY Presidency paid tribute to the YPA's combat readiness, high morale and political stability. The text of the message reads:

"Comrades soldiers, sailors, cadets, officers and civilians in the service of the SFRY armed forces.

On behalf of the SFRY Presidency I congratulate you on YPA Day—22 December—and pay tribute to your combat readiness, high morale and the political stability of the commands, headquarters, units and establishments of the armed forces.

Through your exemplary efforts in accomplishing your tasks, your discipline and high level of patriotic awareness you are demonstrating how one should love one's homeland—the socialist, federative and self-managing Yugoslavia, and how one should consolidate the country's defense power and best contribute to its unity. This is a precious contribution to the overall efforts by working people and citizens to solve the country's complex economic, political and general social situation. This only goes to reaffirm the well-known fact that the Army has permanent ties with the people and that it shares in society's fate.

The nations and nationalities of Yugoslavia value highly their YPA and mark 22 December as one of the most important dates in our history and as their own holiday. Only Tito's army, a people's and Yugoslav army, can enjoy such respect and love from our citizens. Hence their sensitivity to every attempt to question the fundamental features of the YPA and to refute its constitutionally established peace in our society and system.

The SFRY Presidency, as the highest-ranking organ leading and commanding the armed forces, will resolutely, in keeping with its constitutional and legal duties, protect the integrity, reputation and dignity of the YPA and the armed forces as a whole, convinced that in so doing it expresses the common interest of the working people and citizens, nations and nationalities of Yugoslavia.

Convinced that you will continue to successfully carry out your responsible and honorable tasks and duties in future, I wish you all success in your work."

Jansa, Borstner Sentence Postponement Viewed

AU2312213488 Belgrade NARODNA ARMIJA in Serbo-Croatian 15 Dec 88 p 11

["M. S." commentary: "Will a Valid Court Verdict Be Carried Out: When Clear Becomes Unclear"]

[Text] Ivan Borstner, now a former warrant officer, has been sentenced to 4 years in prison for the criminal act of divulging a military secret, according to Article 224, Paragraph 2 of the SFRY Criminal Code. Franci Zavrl, psychologist and responsible editor of the newspaper MLADINA, and Ivan Jansa, graduate of the Faculty for All-People's Defense and publicist, have each been sentenced to 1 and ½ years in prison for the criminal act of divulging a military secret according to Article 224, Paragraph 1 of the SFRY Criminal Code. David Tasic, student of journalism and editor of the internal policy desk of MLADINA, has been sentenced to 10 months in prison for the same criminal act. The verdict is valid and has entered into force [pravomocan i izvrsan]. In any legal state, as our country certainly is, valid verdicts are carried out, even if they are wrong (there are special extraordinary legal means for correcting unlawful verdicts). This is the ABC of law. The courts in the places where these four people live, that is, their places of residence, are authorized to carry out the verdicts. These are basic courts or branches of them in the SR of Slovenia.

The question in the title about whether a valid court verdict will be carried out must not be asked, because what is involved is a criminal case of a kind that can be found everywhere, and whose place lies within the sphere of criminal law. However, this criminal case has been turned into a political one and an entire campaign has been launched, a campaign which has been going on from the very beginning of the court proceedings and which still continues with full ferocity, even now, when there is a valid court verdict that should be enforced. The campaign has been conducted not only against the responsible legal military judiciary organs and the military judiciary in general, but also against the Yugoslav People's Army [YPA]. In this campaign it has been advocated, and there have even been open calls to the effect that this valid court verdict should not be carried out, that is, that one should prevent it from being carried out. However, at this moment one could not conclude

with certainty that the campaign affected the enforcement of the verdict, that is, resulted in its being postponed. Therefore, one should see how things will develop. However, there are some details that make one think. Well, let us start from the beginning.

Postponement of the Enforcement of the Sentence

All courts authorized to enforce the sentence have acted in conformity with the law: They summoned the people sentenced to serve their sentences, and these summonses were issued within the deadlines established by the Law on Enforcing Criminal Sanctions of the SR of Slovenia. All the people sentenced should have begun to serve their sentences as of 21 November 1988 in the following prisons: Ivan Borstner and Franci Zavrl, in the Hotemez open ward of the Dob pri Mirni Penitentiary; Ivan Jansa in the Dob pri Mirni Penitentiary; and David Tasic in the Nova Gorica section of the Koper Prison. The only fault one can find here is the fact that the executive courts have sent Borstner and Zavrl to the open wards of the Dob pri Mirni Penitentiary, although distribution of the prisoners into wards (closed, semi-open, or open) is normally done by the penitentiary institution. After all, the Ljubljana Branch [Jedinica] of the Ljubljana Basic Court did not send Jansa to the open ward, as executive courts have done with regard to Ivan Borstner (Skofja Loka branch of the Kranj Basic Court) and Franci Zavrl (the Kranj branch of the Kranj basic court), but to a penitentiary, leaving it to the penitentiary to send him elsewhere.

The people sentenced did not start to serve their sentences on 21 November 1988 as was established, because demands to postpone the enforcement of the sentences were filed in the meantime in accord with Article 37, Paragraph 1, points 1 and 6 of the Law on Enforcing Criminal Sanctions of the SR of Slovenia. In a free translation, Point 1 reads as follows: "If the person is unable to start serving the sentence because of a grave illness." Point 6 reads: "If the postponement is needed because of the necessity to look after or bring up children, the necessity assessed by a municipal community for social security." The court which decided to postpone the decision probably cannot be reproached, because it makes its decision on the basis of appropriate documents, and one should not doubt that it possesses such documents.

As regards postponement owing to serious illness, one should add a few remarks: According to the law (Article 37, Paragraph 1, Point 1), there should not only be serious illness, but also the person sentenced should be incapable of serving the sentence. The fact that there is a grave illness is in itself not a sufficient reason to postpone the sentence. According to Article 37, Paragraph 3 of the above-mentioned law, sentence can be postponed owing to serious illness while the illness lasts, which in fact means until the matter has absolutely expired under the statute of limitations (which in Borstner's case is 8 years), which then means that it is possible that the sentence may not be enforced at all. One should add here that, according to the laws on the enforcement of criminal sanctions in other republics, a sentence can be postponed only because of an acute illness (a lay explanation would be that an acute illness cannot last long; it becomes a chronic illness—which cannot serve as a reason for postponement: the patient can recover, or he can die). By the way, Borstner did not suffer any physical or mental illness until the end of criminal proceedings, that is, when the sentence became valid and his illness was not mentioned in the period from the beginning of the criminal proceedings until the end of the main hearing (from 31 May 1988 to 27 July 1988), and it was only to the appeal filed on the verdict of the court of the first instance that a privately acquired doctor's report was attached, which called into question Borstner's physical and mental health. At the same time, Borstner was undergoing examinations at the Military Medical Academy, probably in order to be proclaimed incapable of active service in the YPA and to be retired on grounds of disability before the verdict becomes valid. However, at the Military Medical Academy it was established that Borstner does not suffer from any serious illness, so one could thereby conclude that the serious illness occurred after the verdict became valid. However, after the decision to postpone the enforcement of the sentence was made, Ivan Borstner took part in public gatherings: For instance, he made a speech at a meeting at Gornja Radgona, organized by the youth organization. It is therefore completely unclear how he was incapable of serving his sentence owing to serious illness—and doing so in the open ward of the Dob pri Mirni Penitentiary, where the regime is extremely liberal—but was capable of participating in public political gatherings and making political speeches. Can the two go together?

(Un)authorized To Submit a Demand

Franci Zavrl, Ivan Jansa, and David Tasic did not start serving their sentences on 21 November 1988. The enforcement of Franci Zavrl's and Ivan Jansa's sentences was postponed on the basis of Article 37, Paragraph 1, Point 4 of the Law on the Enforcement of Criminal Sanctions of the SR of Slovenia, while no decision was made about whether David Tasic will be sent to serve his sentence or whether his sentence will also be postponed. Article 37, Paragraph 1, Point 4 of the said law (in a free translation) reads: "If he must continue a job he had started doing, and damage would occur if he does not finish it," the maximum length of postponement may be 3 months. Executive courts have granted this maximum period, which is something that is not very frequent when criminal sanctions are concerned, but since it is permitted by the law, one should not be formalistic. One should not doubt that everything is based on appropriate documents. There is another interesting point, however. According to Article 37, Paragraph 1 of the Law on the Enforcement of Criminal Sanctions of the SR of Slovenia, the demand for postponement of the enforcement of a sentence can be submitted by the person sentenced, members of his

family, or the municipal community for social security. In the case of Zavrl, Jansa, and Tasic the demand was submitted, as far as is known,Igor Bavar, president of the so-called Committee for the Protection of Citizens' Rights and Freedoms. Only it is unclear in which capacity he did so: on behalf of the committee, as president of the committee, or as something else. And he is not a lawyer either. It is not even known what the committee deals with, and whether it is legally recognized, but it is known and clear that it demanded that competent state bodies should not enforce a valid court verdict, that is, that the court verdict should be boycotted and not enforced—which the competent state bodies did not accept, of course. Now there is the question of whether the executive courts should have considered Igor Bavcar's demand at all, in whatever capacity he may have submitted it, since he was not one of the legal subjects who can submit the demand for postponement of the sentences. It seems that the only possible answer to this question is negative, because in the case of any legal proceedings, therefore in the case of criminal proceedings and the enforcement of criminal sanctions too, documents submitted by unauthorized persons cannot have any legal consequences for the people for whose benefit or against whom they are submitted. Therefore, there were no legal grounds on which the executive courts could postpone the date of the enforcement of the sentence on Zavrl, Jansa, and Tasic on the basis of the document submitted by Igor Bavcar and ask these people to submit demands and appropriate documents for postponing enforcement of the sentences. This makes the decisions on postponing the enforcement of sentences to Zavrl and Jansa appear illegal. The same applies to the failure to send David Tasic to serve his sentence on 21 November 1988.

Where Campaigns May Lead

A meeting was held on 21 November 1988, the day when Ivan Borstner, Franci Zavrl, Ivan Jansa, and David Tasic, who were sentenced to prison, should have started serving their sentences. This was the meeting of solidarity with the four people, or the meeting to protest against the verdict, whatever the name may be, at which Ivan Jansa made a speech (Borstner made a speech earlier, at another meeting). Television cameras have recorded his speech and the way he spoke, and what the others said and the way they said it. As far as is known to us, this is a unique case in Yugoslavia, and probably a rare case in the history of the world judiciary, whereby a person makes a passionate political speech on the day he should appear in prison, thereby abandoning his role as a person sentenced for a serious criminal act and usurping, so to speak, the role of a prosecutor.

Finally, there is the following question: Was it only accidental that this campaign against the enforcement of a legal and valid court decision coincided with the fact that the enforcement of the decision was postponed? It is better to believe that it was. However, there are some more questions: When 3 months of postponement expire, will Franci Zavrl and Ivan Jansa fall ill with an even more serious illness, because of which they will be unable to serve their sentences, or will the enforcement of sentences be postponed on some other grounds, and so on, and so forth? And all that will be based on law. It should finally be stated loud and clear: If one were to submit to campaigns and demands not to enforce valid court decisions (whatever reasons and motives may be given), then that would be the beginning of the breakdown of the legal system and the legal state. And, why not say so, there are some people who want not only the legal system and the legal state, but also Yugoslavia as a state to break down. If they are allowed to have things their way.

Buncic Speaks on Army Role in Society

AU2212203888 Belgrade NARODNA ARMIJA in Serbo-Croatian 15 Dec 88 p 5

[Unattributed report on speech given by Simeon Buncic, assistant federal defense secretary, at the 19th session of the LCY Central Committee held in Belgrade on 12 December: "The Key of Changes in the Political Sphere"]

[Text] "I am participating in this debate mainly in order to express on this occasion the dominating belief of the Army that the changes in the economic life, political system, and in the organization and activity of the LC which were decided on in the conclusions of the 13th Congress and which are contained in the stands and conclusions of the last Central Committee plenums, are of fateful significance for the future of Yugoslavia and prospects for the socialist construction of our multinational community." Thus Simeon Buncic began his speech and continued:

"The difficulties and uncertainties that have been brought by the present crisis have strengthened the belief of the widest strata of the population and members of the Armed Forces that we can no longer tarry with the changes that will bring concrete and at least initial results. The demand to find a way out of the blockages and stagnation have acquired general social dimensions and is sometimes manifested in a way that departs from the framework of the established rules of the democratic procedure. It is the task of the LC to turn this potential energy of people and the political desire of the people for changes, into the broadest and organized social action to implement the program of reforms in all its dimensions: economic, political, and moral. The value of the present reforms is assessed and estimated by the public mostly according to how much space is liberated through them and in them for the construction and development of those existential and work factors, which have been adapted to the real possibilities and needs of this historical moment and according to how much these reforms are based on the new perception of socialism and the roads to social progress."

To Affirm the Power of Socialist Self-Management

"We are faced and we are struggling with several different options for change but it can be confidently claimed that the aspiration dominates for those changes to be carried out which will affirm the real strength and vitality of socialist self-management and the democratic political relations which have been adapted to our federation," said Buncic and underscored that the success of the reforms can be achieved only if we have clear and united views and precisely defined obligations for whose implementation all our forces must be mobilized and engaged as much as possible, which unfortunately is not the case now as social energy is being wasted on futile confrontations, particularly among the LC leaderships.

"In cooperation with other organs in the federation, the Federal Secretariat for National Defense is working on a critical-analytical evaluation of the impact of the economic and social reforms on the development of the concept of all-people's defense and on the expansion of the Armed Forces. The SFRY Council for National Defense will soon be discussing this. The Commission of the LCY Central Committee for All-People's Defense and Social Self-Protection has, together with the specialist organs of the Federal Secretariat, begun improving their share of duties and responsibilities in connection with preparations for one of the next sessions of the LCY Central Committee which will analyze in full probably in May, according to the established plan, the achievements of All-People's Defense and Social Self-Protection in the present social situation.

"However, it should be said that all our analyses and assessments so far show that the basic concept of economic and social reform and especially the expected results favor the strengthening of our defense and security in all aspects of their existence and development: The speeded-up development of material production forces will permit a more consistent realization of the conceptual orientations toward reliance on one's own potential; the strengthening of the position and role of associated labor in social reproduction expands room for the further socialization of defensive functions; the integration of the Yugoslav economic, political, and social area without statist intervention consolidates the unity of the forces of defense and protection and strengthens the resistance of society to all attacks on the achievements of the revolution. All patriots of this country and socialistically oriented citizens of the SFRY rightfully expect reform to open opportunities for a more stable, richer, and freer existence in our socialist community. This is the deciding prerequisite for strengthening the political and moral values of our defensive power and the irreplaceable condition that the defense of the country be realized primarily through the function of prevention.

The Three Reforms Represent a United Whole

"In the final shaping of our stands and direct tasks, the following observations should be borne in mind:

"It is good that there is agreement in the LC and in society that these three reforms represent a united and inseparable whole. The warnings are justified that actual division, if it goes beyond the frameworks of a purely methodological treatment of problems, could have negative political and other consequences.

"One should not accept the artificially imposed dilemma of which one of these reforms is more important, although considering the present moment, the key of all the changes nevertheless lies in the political sphere, that is, in the ability of subjective forces, headed by the LC, to decisively influence the whole of social development. Of course, this also involves establishing in the political system those relations which will produce and affirm the values which are built into the foundations of the system as well as the aims of our movement, through the force of their internal organization and relations and through functionally and rationally established jurisdictions and responsibilities.

"Our political system now often produces results which are opposite to those that are desired. It is dysfunctional. Until this essential question is resolved in practice in the spirit of the agreed concept of the constitutional changes, visible shifts in the economic and other spheres of life cannot be expected. It is possible to start economic reform immediately but successes will not be achieved if the corresponding changes are not carried out in all parts of the superstructure which should be essentially reduced and brought into a situation which also involves the economy. In this connection, it is essential to actively carry out the reform of the LC in practice through a struggle for the realization of changes in the economic and political systems and not in isolation in seminars on the meaning of the changes.

"It is particularly important that we stop writing conclusions that are not implemented and for which no one is held responsible. It could have been expected, for example, that we had begun to eliminate this practice with the 17th LCY Central Committee plenum but the latest events unfortunately go in the opposite direction.

"The basic orientation toward reform is relatively clear but it must be ensured that the whole spectrum of quite concrete problems is constantly enhanced in a scientific and theoretical way. The depth of the penetration of the reform into all segments of social life imposes the need for such a scientific, theoretical, and applied involvement of scientific thought which will provide not only worthy arguments and an explanation of the fundamental solutions and directions but will settle science's vital penetration of the whole of social practise. Without this, we will continue to be subjected to the traps of voluntarism and subjectivist projections, for which we are already paying too high a price," stressed Simeon Buncic.

Punishments for NIN Journalists Confirmed

AU2312210288 Belgrade POLITIKA in Serbo-Croatian 20 Dec 88 p 8

[TANJUG report: "Ideopolitical Measures Taken Against NIN Journalists Confirmed"]

[Text] The Belgrade LC Statutory Commission yesterday confirmed the ideopolitical measure regarding the final warning given to Stevan Niksic and the measure regarding the warning given to Hari Stajner. This action rejects the journalists' complaints against the said measures that had been taken against them in June on the basis of the decision of the Stari Grad Communal LC Organization.

Niksic and Stajner are the only ones out of 11 members of the Belgrade weekly's editorial board against whom different ideopolitical measures were taken in accordance with their responsibility for the general situation on the editorial board and in the basic LC organization for most of last year.

The explanation of the decision to take ideopolitical measures against these and other NIN journalists describes this political situation as "privatized editorial policy, incorrect presentation and politically irresponsible interpretation of the eighth session of the Central Committee of the LC of Serbia, an attempt to disinform the public and create a rift within the LC of Serbia, insinuations that there is nationalism in the LC of Serbia and POLITIKA, and opening polemics with Branislav Milosevic on one and Dusan Mitevic and POLITIKA on the other side in connection with the newspaper STUDENT, its front page, and its attacks against Tito.

Stevan Niksic's responsibility was established on the basis of the fact that he was a member of the collegium at that time, while Hari Stajner was secretary of the basic LC organization of the weekly.

The decision that the Statutory Commission made yesterday is final. These two journalists can file an appeal to higher bodies only if they think that there was a violation of statutory regulations during the process of establishing their responsibility.

Officials Censured Over Neum Villas Scandal

LD2812141888 Belgrade TANJUG Domestic Service in Serbo-Croatian 0900 GMT 28 Dec 88

[Text] Sarajevo, 28 Dec (TANJUG)—At today's session of the Bosnia-Hercegovina LC Central Committee, ideopolitical warnings were meted out to Alija Latic, Kazimir Jelcic, Jerko Bradvica, and Izet Brkovic in connection with the building of villas in Neum.

The members of the Bosnia-Hercegovina LC Central Committee also decided to relieve Alija Latic and Kazimir Jelcic of their membership in the Bosnia-Hercegovina LC Central Committee.

The working group which proposed these party measures will also submit its proposal concerning Milanko Renovica, Mato Andric, Hrvoje Istuk, and Nikola Strevic to the LCY Central Committee, since the four are members.

At the session it was said that this proposal has not yet been formally submitted.

Bosnia-Hercegovina CC Members Released

LD2812142188 Belgrade TANJUG Domestic Service in Serbo-Croatian 0959 GMT 28 Dec 88

[Summary] Sarajevo, 28 Dec (TANJUG)—At today's session of the Bosnia-Hercegovina LC Central Committee, which is in progress, 16 members of the Central Committee were relieved of their duties as members of this party forum, in the framework of cadre renewal. The members are: Jerko Bradvica, Nikola Filipovic, Vaso Gacic, Nenad Guzina, Kemal Hanjalic, Seid Maglajlija, Nedeljko Mandic, Stevo Mirjanic, Mujo Mujkic, Ana Rajic, Nevenka Selimovic, Milan Skoro, Matko Topalovic, Emina Zaimovic, Svetozar Zimonjic, and Esad Horozic.

Montenegro Situation 'Exceptionally Difficult'

LD2212180888 Belgrade TANJUG in English 1559 GMT 22 Dec 88

[Text] Belgrade, Dec 22 (TANJUG)—The socio-economic and political situation in the Republic of Montenegro is exceptionally difficult because of prolongated stagnation in economic development which, coupled with a constant inflation rise, results in a drastic fall in the living standards, which, in turn, triggers social and political tension, says the assessment of the Yugoslav party leadership made public today.

Reviewing the topical ideological and political questions regarding the situation within the League of Communists of Montenegro and its activity, the party Presidency noted that the level of the republic's economic development is constantly falling in relation to the average growth rate for Yugoslavia as a whole, and urged communists in the federal organs to ensure a regular and timely implementation of the measures and decisions to render material support to Montenegro.

The social situation in Montenegro is further aggravated by the fact that seven of its major enterprises employing some 10,000 workers, or one-tenth of the republic's workforce, are facing bankruptcy. Unemployment is also on the rise, currently standing at 42,000.

The Yugoslav party Presidency maintains that the removal of the causes which in October this year led to the public expression of dissatisfaction by some 70,000 people in Titograd and Niksic, and the justified criticism addressed to the republican and party leadership on this

occasion, requires from the League of Communists of Montenegro a detailed and criticial analysis of its own organization, method of work, and ideological, political and action capability.

Montenegrin Communists should overcome as soon as possible the negative political consequences of imposing emergency measures during the public expression of dissatisfaction in October this year, the Yugoslav party Presidency said, and especially their implementation on the Titograd-Niksic road where citizens and police clashed.

Noting that nationalism is growing in the entire country, the Presidency said that the greatest responsibility of the League of Communists of Montenegro is to continue its resolute and uncompromising struggle against all forms of nationalism in its own environment.

Serbian Radio, TV Chief Replaced
LD2812153488 Belgrade TANJUG Domestic Service in Serbo-Croatian 1259 GMT 28 Dec 88

[Text] Belgrade, 28 Dec (TANJUG)—At a session today the Serbian SAWP republican conference Presidium appointed Dusan Mitevic as director general of Belgrade Radio and Television. Mitevic is currently deputy director general. Ratomir Vico, current director general, has been relieved of this post to take up a new job.

Vojvodina Official Expelled From LC
LD2812174688 Belgrade TANJUG Domestic Service in Serbo-Croatian 1627 GMT 28 Dec 88

[Summary] Novi Sad, 28 Dec (TANJUG)—The basic organization of the LC in the department of the state security service of the Provincial Secretariat for Internal Affairs of Vojvodina has expelled its secretary, Petar Palkovljevic, from the LC, because he came into conflict with the ideopolitical platform and statutory principles of the LCY. Under Secretary Milutin Mikalacki received the final warning, as well as Milan Vojnovic, employee in the state security service, both for departing from the statutory stands and norms of the LCY, the Serbian and Vojvodina LC's, the explanation states.

Vojvodina Municipality LC Replaces Delegates
LD2812003988 Belgrade TANJUG Domestic Service in Serbo-Croatian 2059 GMT 27 Dec 88

[Excerpts] Subotica, 27 Dec (TANJUG)—The extraordinary conference of communists of the largest Vojvodina municipality ended this evening after an almost 10-hour discussion and a vote of confidence in the recently-elected president of the municipal committee Presidium, Dr Radoman Bozovic, and the secretary, Atila Sam. The unscheduled vote of confidence from the conference for the president and secretary was requested by Dr Radoman Bozovic who felt it was not possible to embark upon the struggle for the three reforms without the full support of the membership. [passage omitted]

The conference also elected delegates for the highest LC organs. Among the newly elected only one delegate remains from the previous delegates—Stevan Santo, LCY Central Committee member. In this practical way the party membership of Subotica negatively assessed the perforamnce of the previous delegates in high forums. The lists do not contain the name of Boskjo Kovacevic, president of the Vojvodina LC Provincial Committee Presidium.

Slovenia, Croatia Reject Draft Federal Budget
LD2712225388 Belgrade TANJUG in English 2148 GMT 27 Dec 88

[Text] Belgrade, December 27 (TANJUG)—The Assemblies of the Republics of Slovenia and Croatia today rejected the draft federal budget for 1989 which exceeds 20,000 billion dinars (around four billion dollars).

This decision has brought about much uncertainty ahead of the three-day session of the Yugoslav Federal Parliament tomorrow. Besides the budget, the Federal Assembly will also review the government's economic policy program for 1989 and a number of important systemic laws (on enterprises, foreign investments), the adoption of which will mark the beginning of economic reform.

The federal budget and the 1989 economic program were on the agenda of today's session of the assemblies of all six Yugoslav republics and two autonomous provinces—Vojvodina and Kosovo, whch are a part of the Republic of Serbia.

The debate held in the Assembly of Slovenia on 1989's budget, which is nominally practically three times higher than this years', was very lively. The rejection of the proposed federal budget is not an attack on the army which accounts for the largest share of the federal budget (more than 70 per cent), President of the Slovenian Chamber of the Economy Marko Bulic said, stressing that the high growth of the budget is a blow to the economy and the standard of living.

The Slovenian Republican Assembly delegates demanded that the federal budget not exceed this year's level of 5.3 per cent of the country's g.n.p. This would mean decreasing the proposed sums to be allocated to all users, including the army. Individual calls were made for the federal government to resign.

The Croatian Republican Assembly urged that the federal budget conform to the available revenues of the republics and provinces.

Serbia warned that the Federal Government had not offered a clear and decision programme for curbing inflation. The Assembly of Montenegro made a similar comment. Bosnia-Hercegovina does not have the 900 billion dinars it is expected to provide as its share in the federal budget and can only secure 630 billion dinars.

As concluded at a session of the Macedonian Republic Assembly in Skopje today, Macedonia's delegates in the Federal Assembly will agree to the federal government's package of economic measures. However, in view of the fact that it is an under-developed republic, Macedonia is concerned over the high interest rates and is affected by the liberalization of prices because the prices fopr a majority of its products are not formed freely. The Autonomous Province of Vojvodina is seeking a better position for agriculture, and Kosovo, the least developed region in Yugoslavia, has warned that its economy will have difficulties in adjusting to the economic reform.

Kucan on Current Sociopolitical Events

LD2212215888 Belgrade TANJUG Domestic Service in Serbo-Croatian 1314 GMT 22 Dec 88

[Excerpts] Ljubljana, 22 Dec (TANJUG)—In the present critical circumstances, which are characterized by a great deal of dissatisfaction among people and by an obvious lack of trust in the authorities and officials, and in which the legality of the authorities, the LC and the Constitution is being called into question, it will be difficult to implement the envisaged reforms. This was stressed by Milan Kucan, president of the Slovene LC Central Committee Presidium, who today briefed the republican board of the Slovene SUBNOR on the current sociopolitical events in Slovenia and in the country.

The dissatisfaction of the young generation is the most obvious proof of 10 years of unsuccessful economic policy. Young people think, said Kucan, that their development prospects are restricted, their security threatened, they are left with debts to deal with and are therefore demanding responsibility and calling for culprits. Kucan warned of the danger of the young generation breaking away. In his opinion the only possible solution to overcoming the crisis is perseverence in realistic economic categories—interest rates, exchange rates. However, the success cannot be expected without unburdening the economy, against whose will over a half of the income is being distributed [sentence as received]. Within this context, thinks Kucan, it is necessary to reduce budgetary consumption.

Such circumstances, assesses Kucan, are conducive to opening up prospects for political alternatives in the country, manifested through various forms of self-organization, meetings and campaigns against journalists. This has also been reflected in anti-Slovene and anti-Serbian campaigns. Emotional discussions, according to Kucan, also bring out national issues in Yugoslavia, questions of the form, development and meaning of joint life in Yugoslavia, etc. People are pursuing a new identity for Yugoslavia as a socialist federative republic and the community of Yugoslav nations and nationalities based on equality, and also on a new interpretation of socialism. [passage omitted]

In connection with dilemmas about LC renewal and his stepping down from power, Kucan warned of frequent disagreements and even abuses, when departure from the political stage is understood as the self-liquidation of the LC [as received]. A distinct anti-communism is concealed here, even present in Slovenia, noted Kudcan, stressing that the LC is renouncing the historic monopoly, but not for the benefit of another monopoly without the LC. This renunciation, however, does not mean the renunciation of the political initiative. [passage omitted]

In a lengthy speech, Kucan also spoke about Kosovo, our common problem, especially the latest "mass gatherings of members of the Albanian nationality". In this connection he recalled different assessments of these gatherings, stressing that this is indeed a problem, but that a much more important, almost crucial question is with whom should one carry out a political action in order that the situation be stabilized. How is one to prevent nationalist divisions which, judging by some assessments, are already a fait accompli, how is one to secure the minimum civilized standard of living and existentialist security of people...? [passage omitted]

Arms Smugglers Arrested in Slovenia

AU2812172388 Belgrade POLITIKA in Serbo-Croatian 22 Dec 88 p 11

[S. P. report: "Smugglers of Arms and Ammunition Caught"]

[Text] Maribor, 21 Dec—Hinko Frank, head of the Maribor Department for Internal Affairs, yesterday told journalists that during the night between 16 and 17 December, the custom officers at the Sentilj border-crossing caught a group of people trying to smuggle several automatic rifles and ammunition into Yugoslavia in two cars. They were all arrested and the arms were confiscated. The names of the arrested people and other details connected with this case have not been revealed in the interest of the investigation.

Slovene Engineers Strike 'Doing Harm'

AU2812203088 Belgrade Domestic Service in Serbo-Croatian 1400 GMT 28 Dec 88

[Text] The railroad engineers strike in Slovenia is only doing harm. The railroads will not abandon the implementation of the decision to increase their transportation charges, and they have won an old dispute with the state in the first instance. This was said at a press conference and at a session of the Yugoslav Railroads Assembly. Dusica Jovanovic reports:

It will be difficult to ever calculate the actual damage caused by the strike of over 1,200 engineers in Ljubljana, Divaca, and Maribor, as well as in Novo Mesto as of this morning. At present it is merely known that the standstill

of about 2,000 freight cars alone on the railroads in Slovenia costs 130 million dinars a day. Several dozens of trains carrying export freight have not crossed the border.

Engines of passenger trains are driven by former engineers now employed in other duties, as well as pensioners. Engineers that have been called in and have arrived from Zagreb and Sarajevo have refused to work out of solidarity with their colleagues in Slovenia.

There is no money for a huge increase of personal incomes, which is the basic request of the Slovene engineers. The directors of all the railroad transportation organizations and the managing board of the community have denounced the strike. They say that nothing can be gained by force, and one should bear in mind that the losses this year are estimated at 486 billion dinars.

The delegates did not discuss the strike, and it may be supposed that they agree with the leaders. They loudly agreed with the management's proposal that passenger fares should increase 34.7 percent and freight charges 51.6 percent, as of 1 January, despite the FEC recommendation to postpone the increases.

Railroadmen feel that they are not in the same position as the other two large systems, the electricity generating industry and the post, telegraph, and telephones, which also form their prices according to joint guidelines. The railroadmen point out that they carry only 10 percent of all passengers and barely one third of freight and that they have a negligible influence on the overall increase of prices and costs of living.

It is nevertheless not certain that the new railroad charges will be imposed with the new year. In case of disobedience, the FEC has threatened to suspend the joint guidelines which means a ban on price increases. We know that the state is stronger. However, in a case before the district economic court of the first instance, it was decided in a preliminary ruling that the SFRY state is obliged to repay to the Yugoslav Railroad Community the damages incurred by a previous delay in the increase of charges. The state has appealed. The case continues.

Let us also add that the delegation of the Belgrade Railroad Transportation Organization announced that the Titovo Uzicce engineers did not strike yesterday; they only had a meeting at which they discussed whether they should stop work. A Serbian railroads representative energetically denied a report that faulty engines are being used in rail traffic.

Croatian TU's Have No Confidence in Government

LD2212190488 Belgrade TANJUG in English 1722 GMT 22 Dec 88

[Text] Zagreb, Dec 22 (TANJUG)—The trade union leadership of the Yugoslav Republic of Croatia decided at today's meeting to initiate the question of confidence in the Federal Government, because of its failed economic policy and inadequate approach to changes in the country's economic system.

The Croatian trade unions protested very strongly against the exclusion of workers so far from the debate on one of the basic economic reform laws, the one on enterprises.

According to the trade unions, litle is thought of the participation of those who are to be the bearers of the economic reform. Workers have no chance of influencing the solutions determining the position of workers.

The Croatian economy accounts for 24 percent of Yugoslavia's social product.

Last May, the Yugoslav Federal Assembly rejected the demand of deputies from Slovenia and Croatia, the country's most prosperous republics, for a vote of confidence on the government of Prime Minister Branko Mikulic.

The trade union which rallies educational, scientific and cultural workers intends to organize a general strike in Croatia, if the Federal Government's demand is adopted for pronounced restrictions in the social trades next year. The trade union considers such action as the only means of defending the class interest of its 97,000 members.

The Croatian trade unions decided to distance themselves from the decisions of state organs which are not in the interest of the working class, and so strengthen their negotiating position.

Croatian Assembly Rejects Federal Budget

LD2712142088 Belgrade TANJUG Domestic Service in Serbo-Croatian 1329 GMT 27 Dec 88

[Text] Zagreb, 27 Dec (TANJUG)—The Assembly of the Socialist Republic of Croatia considers that the budget and the extrabudgetary expenditure for the federation next year cannot increase in real terms in relation to 1988, and so today it rejected the FEC's supplementary proposal on the federal budget for 1989 which amounted to as much as 20.9 billion dinars. This decision means that agreement on other documents connected with the budget and extrabudgetary expenditure in the federation next year is also witheld.

The doubts which exist on the financing of the federation and the republic will be resolved, in all probability, by interim measures. To ensure continuity in financing the republic for the first 3 month period of next year, the Assembly has already accepted proposals for several interim measures from the taxation system, ensuring resources for sociopolitical communities and for the federal fund for financing the economically underdeveloped republics and provinces.

Kosovo Security Service Head Dismissed

AU2812174988 Belgrade BORBA in Serbo-Croatian 23 Dec 88 p 14

[M. A. report: "Head of State Security Service Relieved of Duty"]

[Text] Pristina, 22 Dec—As we have learned, at its session today, the Kosovo Executive Council relieved Selim Brosi of his duty as the head of the Kosovo State Security Service at the proposal of the provincial interior secretary and appointed in his place Jusuf Karakusi, former head of the Public Security Service of the Kosovo Secretariat for Internal Affairs.

This seems to be a logical move following the speech Rahman Morina, provincial secretary for internal affairs, made at the Kosovo Assembly. Morina said that mass gatherings and demonstrations of Albanian nationals had caught the State Security Service unprepared.

We have learned that some other changes have also been made in this service.

It has been learned that the respective bodies of the Provincial Secretariat for Internal Affairs, together with their colleagues from federal and republican internal secretariats, have been working intensively on uncovering organizers of the November demonstrations in Pristina and almost all places in the province.

Albanian National Sentenced for Stoning Militiamen

AU2312172288 Belgrade BORBA in Serbo-Croatian 20 Dec 88 p 12

[S. N. report: "5-Year Sentence for Stoning Militiamen"]

[Text] Kumanovo, 19 Dec—The trial of seven people who participated in hostile demonstrations staged by Albanian nationals in Kumanovo on 28 August, when nine militiamen were injured, has opened at the Kumanovo Communal Court. The following people have been accused:

Fadilj Nimani, Metus Osmani, Skender Alija, Djemilji Sopi, Dzafer Tahiti, Redzije Abdiji, all from Kumanovo, and Nuredin Ismailji from Cerkesko Selo. The law envisages the sentence of up to 1 year for preventing official persons to perform their duty.

The court did not accept Fadilj Nimani's (19) claim that he only accidentally found himself among the demonstrators who threw stones at militiamen. Nimani was sentenced to 5 years in prison because it was proved in court that he was a leader and agitator among the demonstrators.

Chemical Weapons Discussed With Iraqi Envoys

LD2012065288 Belgrade TANJUG in English 1818 GMT 19 Dec 88

["Pool" item]

[Text] Belgrade, Dec 19 (TANJUG)—Representatives of the Foreign Ministries of Yugoslavia and Iraq reviewed in Belgrade today the preparations for a conference of the signatories to the Geneva Protocol banning the use of poison gases, as well as other interested countries, scheduled to be held in Paris from January 7 until 11 next year.

The Paris conference is to expand the ban contained in the Geneva Protocol from 1925 to include all chemical weapons developed since that time.

The holding of the Paris conference is in line with Yugoslavia's position that disarmament is not in the exclusive domain of the big powers or bilateral agreements, but constitutes a common concern of humanity. Yugoslavia holds that the conference should adopt a clear political document which would serve as an impetus to negotiations on disarmament as part of the Geneva conference, the permanent body of the United Nations in charge of the problem.

As part of regular consultations between the two foreign ministries, Yugoslav Assistant Foreign Secretary Kazimir Vidas and undersecretary of the Iraqi Foreign Ministry Riyad al-Qaysi also discussed the preparations for the nonaligned summit, to be held in Belgrade next year.

Yugoslavia was entrusted with hosting the summit at a nonaligned ministerial conference in Nicosia.

Al-Qaysi today also discussed international questions with Yugoslav Deputy Foreign Secretary Milovje Maksic.

FRG Against Introducing Visas for Yugoslavs

AU2012160088 Belgrade BORBA in Serbo-Croatian 16 Dec 88 p 1

[TANJUG report: "Yugoslavs Without Visas"]

[Text] Bonn, 15 Dec—The FRG Ministry for Foreign Affairs does not intend to introduce visas for Yugoslavs.

This was stated to a TANJUG correspondent today by the FRG's Foreign Office Spokesman Klaus Wunderlich. He said that this has been and will remain the official position of the FRG Government.

Wunderlich said that the introduction of visas for Yugoslavs had been mentioned within the framework of negotiations on harmonizing the regulations of the EC countries, but that in all these negotiations the FRG maintained that this kind of measure should not be introduced for Yugoslavs.

The intention to introduce visas for Yugoslavs had been revealed by Erich Neusel, secretary at the FRG Ministry for Internal Affairs, who said that it had been done under pressure from France and as a result of the great increase in so-called "asylumers" from Yugoslavia who, driven by economic reasons, are trying to obtain a residence permit by claiming to be politically persecuted.

Yesterday, in an interview for FRANKFURTER ALLGEMEINE ZEITUNG, Neusel said that the Ministries for Internal and Foreign Affairs will soon start negotiations on introducing visas for Yugoslavs.

Today, however, the Foreign Office Spokesman Wunderlich told a TANJUG correspondent that the Ministry for Internal Affairs has not yet said anything about this proposal and that his "house" will remain against the introduction of visas for Yugoslavs.

The Minister of Internal Affairs is Friedrich Zimmermann, member of the right Bavarian party of Christian Socialists. Hans-Dietrich Genscher, a well-respected liberal, has been minister of foreign affairs for years.

Debt to Sweden Rescheduled

AU2812133988 Belgrade BORBA in Serbo-Croatian 23 Dec 88 p 14

[TANJUG report: "Debt to Sweden Rescheduled"]

[Text] Belgrade, 22 Dec—The bilateral agreement on the consolidation of the SFRY debt to the Kingdom of Sweden, which falls due in the period between 1 April 1988 and 30 June 1989, was signed in Belgrade today. The Yugoslav debt, which totals 60 million Swedish Kroner has been rescheduled on the basis of this agreement. The agreement was signed on behalf of the Swedish Government by Jan Af Silen, Swedish ambassador to the SFRY, and by Boris Skapin, assistant federal secretary for finances, on behalf of the FEC.

Correction to Serbian Leaders Rebuke Government

The following correction pertains to the item headlined "Serbian Leadership Criticizes SFRY Government," published in the 28 December issue of the East Europe DAILY REPORT, page 58:

column two, paragraph five, last sentence reads: ...the economic reform and creates a hopeless situation... (supplying indistinct words "and creates")

page 59, column one, paragraph one, first sentence reads: ...to nothing the great and clearly attainable... (supplying indistinct word "great")